

1 placed in escrow, if, during the year for which the tax is being
2 assessed, the insurer or its affiliate maintained a regional home
3 office in this state in a building owned or leased by the insurer.
4 To receive a credit against the tax imposed for the year in which
5 the regional home office was established, said office must have been
6 maintained continuously from on or before August 1 of that year
7 through the last day of the calendar year. For succeeding years, an
8 insurer or its affiliate shall have maintained the regional home
9 office continuously from the first day of the calendar year for
10 which the tax is imposed through the last day of that calendar year.

11 The Home Office Credit shall be calculated as follows:

12 1. Until June 30, 2010, the credit shall be equal to the
13 following percentages of the amount due after the credits authorized
14 by Sections 624.1 and 625 of this title have been deducted:

15 a. fifteen percent (15%), if there are more than two
16 hundred full-time, year-round Oklahoma employees, but
17 less than three hundred full-time, year-round Oklahoma
18 employees,

19 b. twenty-five percent (25%), if there are more than
20 three hundred full-time, year-round Oklahoma
21 employees, but less than four hundred full-time, year-
22 round Oklahoma employees,

23 c. thirty-five percent (35%), if there are more than four
24 hundred full-time, year-round Oklahoma employees, but

1 less than five hundred full-time, year-round Oklahoma
2 employees, or

3 d. fifty percent (50%), if there are five hundred or more
4 full-time, year-round Oklahoma employees; and

5 2. Beginning July 1, 2010, in the calculation of the credit,
6 the amount to be apportioned to the Oklahoma Firefighters Pension
7 and Retirement Fund, the Oklahoma Police Pension and Retirement
8 System and the Law Enforcement Retirement Fund shall be applied
9 prior to the calculation of the credit. The amount of the credit
10 shall be derived from amounts remaining after the apportionment to
11 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma
12 Police Pension and Retirement System and the Law Enforcement
13 Retirement Fund. The credit shall be calculated by first applying a
14 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to
15 the gross premium tax owed by the insurer and then determining the
16 allowable credit by applying the following percentages of the amount
17 due after the credits authorized by Sections 624.1 and 625 of this
18 title have been deducted:

19 a. fifteen percent (15%), if there are more than two
20 hundred full-time, year-round Oklahoma employees, but
21 less than three hundred full-time, year-round Oklahoma
22 employees,

23 b. twenty-five percent (25%), if there are more than
24 three hundred full-time, year-round Oklahoma

1 employees, but less than four hundred full-time, year-
2 round Oklahoma employees,

3 c. thirty-five percent (35%), if there are more than four
4 hundred full-time, year-round Oklahoma employees, but
5 less than five hundred full-time, year-round Oklahoma
6 employees, or

7 d. fifty percent (50%), if there are five hundred or more
8 full-time, year-round Oklahoma employees.

9 B. A domestic insurer with four hundred or more full-time,
10 year-round Oklahoma employees which is subject to the tax imposed by
11 Section 624 of this title shall be entitled to a credit against said
12 tax actually paid to and placed in the General Revenue Fund of the
13 state, not including any of said tax monies placed in pension funds
14 and not including any of said tax monies placed in escrow, if,
15 during the year previous to the year for which the tax is being
16 assessed, the insurer or its affiliate maintained a regional home
17 office in this state in a building owned or leased by the insurer
18 and during the year for which the tax is being assessed, the insurer
19 establishes its home office in this state in a building owned or
20 leased by the insurer. To receive a credit against the tax imposed
21 for the year in which the home office was established, said office
22 must have been maintained continuously from on or before August 1 of
23 that year through the last day of the calendar year. For succeeding
24 years, an insurer shall have maintained the home office continuously

1 from the first day of the calendar year for which the tax is imposed
2 through the last day of that calendar year. Insurers who take
3 action before August 1, 2000, to establish their home office in this
4 state shall be entitled to a credit against the tax imposed on or
5 after January 1, 2001, which shall be in addition to the credit the
6 insurer is entitled to for that year. The Home Office Credit shall
7 be calculated as follows:

8 1. Until June 30, 2010, the credit shall be equal to the
9 following percentages of the amount due after the credits authorized
10 by Sections 624.1 and 625 of this title have been deducted:

11 a. thirty-five percent (35%), if there are more than four
12 hundred full-time, year-round Oklahoma employees, but
13 less than five hundred full-time, year-round Oklahoma
14 employees, or

15 b. fifty percent (50%), if there are five hundred or more
16 full-time, year-round Oklahoma employees; and

17 2. Beginning July 1, 2010, in the calculation of the credit,
18 the amount to be apportioned to the Oklahoma Firefighters Pension
19 and Retirement Fund, the Oklahoma Police Pension and Retirement
20 System and the Law Enforcement Retirement Fund shall be applied
21 prior to the calculation of the credit. The amount of the credit
22 shall be derived from amounts remaining after the apportionment to
23 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma
24 Police Pension and Retirement System and the Law Enforcement

1 Retirement Fund. The credit shall be calculated by first applying a
2 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to
3 the gross premium tax owed by the insurer and then determining the
4 allowable credit by applying the following percentages of the amount
5 due after the credits authorized by Sections 624.1 and 625 of this
6 title have been deducted:

7 a. thirty-five percent (35%), if there are more than four
8 hundred full-time, year-round Oklahoma employees, but
9 less than five hundred full-time, year-round Oklahoma
10 employees, or

11 b. fifty percent (50%), if there are five hundred or more
12 full-time, year-round Oklahoma employees.

13 C. A domestic insurer which is subject to the tax imposed by
14 Section 624 of this title shall be entitled to a credit against said
15 tax actually paid to and placed in the General Revenue Fund of the
16 state, not including any of said tax monies placed in pension funds
17 and not including any of said tax monies placed in escrow, if,
18 during the year for which the tax is being assessed, the insurer
19 maintained a regional home office in at least five or more counties
20 in this state in buildings owned or leased by the insurer. To
21 receive a credit against the tax imposed for the year in which the
22 regional home offices were established, said offices must have been
23 maintained continuously from on or before August 1 of that year
24 through the last day of the calendar year. For succeeding years, an

1 insurer shall have maintained the regional home offices continuously
2 from the first day of the calendar year for which the tax is imposed
3 through the last day of that calendar year. The Home Office Credit
4 shall be calculated as follows:

5 1. Until June 30, 2010, the credit shall be equal to the
6 percentage of the amount due after the credits authorized by
7 Sections 624.1 and 625 of this title have been deducted as
8 established in subsection A of this section; and

9 2. Beginning July 1, 2010, in the calculation of the credit,
10 the amount to be apportioned to the Oklahoma Firefighters Pension
11 and Retirement Fund, the Oklahoma Police Pension and Retirement
12 System and the Law Enforcement Retirement Fund shall be applied
13 prior to the calculation of the credit. The amount of the credit
14 shall be derived from amounts remaining after the apportionment to
15 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma
16 Police Pension and Retirement System and the Law Enforcement
17 Retirement Fund. The credit shall be calculated by first applying a
18 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to
19 the gross premium tax owed by the insurer and then determining the
20 allowable credit by applying the percentage of the amount due after
21 the credits authorized by Sections 624.1 and 625 of this title have
22 been deducted as established in subsection A of this section.

23 D. Proof that an insurer qualifies for the credit authorized by
24 this section shall be on forms prescribed by the Insurance

1 Commissioner and shall be submitted to the Commissioner annually
2 with the report which is filed pursuant to Section 624 of the
3 Insurance Code.

4 E. The credit provided for in subsections A, B and C of this
5 section shall be based on the total number of Oklahoma employees in
6 the regional or home office when a group of insurers which are under
7 common management and control maintain a regional home office or
8 home office in this state in a building owned or leased by the group
9 of insurers. The credit provided for in subsections A, B and C of
10 this section may be allocated among the insurance company and the
11 insurance company affiliates at the discretion of the insurance
12 company on a per-insurance-company basis.

13 F. As used in this section:

14 1. "Regional home office" means an office transacting
15 insurance, as defined in Section 105 of this title, and performing
16 insurance company operations, which is defined as one or more or any
17 combination of the following functions and services performed in
18 connection with the development, sale, and administration of
19 products giving rise to receipts subject to a premium tax on
20 domestic and foreign insurance companies, or domestic or foreign
21 health care insurance corporations: actuarial, medical, legal,
22 investments, accounting, auditing, underwriting, policy issuance,
23 information, policyholder services, premium collection, claims,
24 advertising and publications, public relations, human resources,

1 marketing, sales office staff, training of sales and service
2 personnel, and clerical, managerial, and other support for any such
3 functions or services;

4 2. "Common management and control" means the possession, direct
5 or indirect, of the power to direct or cause the direction of the
6 management and policies of an insurer, whether through the ownership
7 of voting securities, by contract, or otherwise, unless the power is
8 executed by a person acting in an official capacity, performing
9 duties imposed and exercising authority granted because of the
10 person's position as an officer or employee of the insurer. Control
11 shall be presumed to exist if any person, directly or indirectly,
12 owns, controls, holds with the power to vote, or holds proxies
13 representing twenty-five percent (25%) or more of the voting
14 securities of the insurer;

15 3. "Oklahoma employees" means persons who are employed in
16 Oklahoma after January 1, 2000, and who are common law employees of
17 an insurance company or its affiliate. Oklahoma employees do not
18 include independent contractors or any persons to the extent that
19 the compensation of that person is based on commissions;

20 4. "Insurance company" means any entity subject to a premium
21 tax on domestic and foreign insurance companies, or domestic or
22 foreign health care insurance corporations, including the attorney-
23 in-fact authorized by and acting for the subscribers of a reciprocal
24

1 insurer or inter-insurance exchange under powers of attorney. A
2 reciprocal and its attorney-in-fact shall be a single entity; and

3 5. "Home office" means the executive offices of an insurance
4 company which is domiciled in this state.

5 G. Each insurer or insurance group requesting a credit under
6 this section shall certify by affidavit, approved as to form by the
7 Commissioner, that the insurer has met all of the qualifications
8 required by this section and is authorized to a credit against the
9 premium tax which actually shall be paid to, and placed in the
10 General Revenue Fund of the state, exclusive of any amounts of the
11 tax which shall be credited to pension funds pursuant to law and
12 exclusive of any amounts which shall be placed into escrow. The
13 Commissioner may do an examination for the sole purpose of
14 certifying that all requirements of this section are being met by
15 the insurer requesting to obtain any credits against premium tax.

16 H. For the fiscal year beginning July 1, 2006, and for each
17 fiscal year thereafter, and notwithstanding any other provisions of
18 ~~Title 36 of the Oklahoma Statutes~~ this title or any other provision
19 of law governing the order in which the credit authorized by this
20 section is to be deducted from the liability of the company claiming
21 such credit to the contrary, the credit authorized by this section
22 shall be deducted from the insurance premium tax liability of the
23 company claiming such credit prior to the deduction of any other
24 credits that may be claimed against such liability.

1 I. Notwithstanding any other provisions of this section, the
2 tax credit amount computed for any tax year beginning on or after
3 January 1, 2017, and ending not later than December 31, 2018, shall
4 be reduced by twenty-five percent (25%) of the amount otherwise
5 allowable. The provisions of this subsection shall not be
6 applicable to tax credits carried forward from a tax year which
7 began at any time prior to January 1, 2017. The provisions of this
8 subsection shall cease to have the force and effect of law on
9 January 1, 2019. The Legislature shall review the impact of the
10 provisions of this subsection upon taxpayers, the revenue system of
11 the state and the economic effects of the tax credit reduction in
12 order to determine whether tax credits will be subject to reduction
13 for any future tax years.

14 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.4, as
15 amended by Section 1, Chapter 336, O.S.L. 2015 (68 O.S. Supp. 2015,
16 Section 2357.4), is amended to read as follows:

17 Section 2357.4 A. Except as otherwise provided in subsection F
18 of Section 3658 of this title and in subsections J ~~and~~, K and L of
19 this section, for taxable years beginning after December 31, 1987,
20 there shall be allowed a credit against the tax imposed by Section
21 2355 of this title for:

22 1. Investment in qualified depreciable property placed in
23 service during those years for use in a manufacturing operation, as
24 defined in Section 1352 of this title, which has received a

1 manufacturer exemption permit pursuant to the provisions of Section
2 1359.2 of this title or a qualified aircraft maintenance or
3 manufacturing facility as defined in Section 1357 of this title in
4 this state or a qualified web search portal as defined in Section
5 1357 of this title; or

6 2. A net increase in the number of full-time-equivalent
7 employees in a manufacturing operation, as defined in Section 1352
8 of this title, which has received a manufacturer exemption permit
9 pursuant to the provisions of Section 1359.2 of this title or a
10 qualified aircraft maintenance or manufacturing facility defined in
11 Section 1357 of this title in this state or in a qualified web
12 search portal as defined in Section 1357 of this title including
13 employees engaged in support services.

14 B. Except as otherwise provided in subsection F of Section 3658
15 of this title and in subsections J ~~and~~, K and L of this section, for
16 taxable years beginning after December 31, 1998, there shall be
17 allowed a credit against the tax imposed by Section 2355 of this
18 title for:

19 1. Investment in qualified depreciable property with a total
20 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)
21 within three (3) years from the date of initial qualifying
22 expenditure and placed in service in this state during those years
23 for use in the manufacture of products described by any Industry
24

1 Number contained in Division D of Part I of the Standard Industrial
2 Classification (SIC) Manual, latest revision; or

3 2. A net increase in the number of full-time-equivalent
4 employees in this state engaged in the manufacture of any goods
5 identified by any Industry Number contained in Division D of Part I
6 of the Standard Industrial Classification (SIC) Manual, latest
7 revision, if the total cost of qualified depreciable property placed
8 in service by the business entity within the state equals or exceeds
9 Forty Million Dollars (\$40,000,000.00) within three (3) years from
10 the date of initial qualifying expenditure.

11 C. The business entity may claim the credit authorized by
12 subsection B of this section for expenditures incurred or for a net
13 increase in the number of full-time-equivalent employees after the
14 business entity provides proof satisfactory to the Oklahoma Tax
15 Commission that the conditions imposed pursuant to paragraph 1 or
16 paragraph 2 of subsection B of this section have been satisfied.

17 D. If a business entity fails to expend the amount required by
18 paragraph 1 or paragraph 2 of subsection B of this section within
19 the time required, the business entity may not claim the credit
20 authorized by subsection B of this section but shall be allowed to
21 claim a credit pursuant to subsection A of this section if the
22 requirements of subsection A of this section are met with respect to
23 the investment in qualified depreciable property or net increase in
24 the number of full-time-equivalent employees.

1 E. The credit provided for in subsection A of this section, if
2 based upon investment in qualified depreciable property, shall not
3 be allowed unless the investment in qualified depreciable property
4 is at least Fifty Thousand Dollars (\$50,000.00). The credit
5 provided for in subsection A or B of this section shall not be
6 allowed if the applicable investment is the direct cause of a
7 decrease in the number of full-time-equivalent employees. Qualified
8 property shall be limited to machinery, fixtures, equipment,
9 buildings or substantial improvements thereto, placed in service in
10 this state during the taxable year. The taxable years for which the
11 credit may be allowed if based upon investment in qualified
12 depreciable property shall be measured from the year in which the
13 qualified property is placed in service. If the credit provided for
14 in subsection A or B of this section is calculated on the basis of
15 the cost of the qualified property, the credit shall be allowed in
16 each of the four (4) subsequent years. If the qualified property on
17 which a credit has previously been allowed is acquired from a
18 related party, the date such property is placed in service by the
19 transferor shall be considered to be the date such property is
20 placed in service by the transferee, for purposes of determining the
21 aggregate number of years for which credit may be allowed.

22 F. The credit provided for in subsection A or B of this
23 section, if based upon an increase in the number of full-time-
24 equivalent employees, shall be allowed in each of the four (4)

1 subsequent years only if the level of new employees is maintained in
2 the subsequent year. In calculating the credit by the number of new
3 employees, only those employees whose paid wages or salary were at
4 least Seven Thousand Dollars (\$7,000.00) during each year the credit
5 is claimed shall be included in the calculation. Provided, that the
6 first year a credit is claimed for a new employee, such employee may
7 be included in the calculation notwithstanding paid wages of less
8 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in
9 the last three quarters of the tax year, has wages or salary which
10 will result in annual paid wages in excess of Seven Thousand Dollars
11 (\$7,000.00) and the taxpayer submits an affidavit stating that the
12 employee's position will be retained in the following tax year and
13 will result in the payment of wages in excess of Seven Thousand
14 Dollars (\$7,000.00). The number of new employees shall be
15 determined by comparing the monthly average number of full-time
16 employees subject to Oklahoma income tax withholding for the final
17 quarter of the taxable year with the corresponding period of the
18 prior taxable year, as substantiated by such reports as may be
19 required by the Tax Commission.

20 G. The credit allowed by subsection A of this section shall be
21 the greater amount of either:

22 1. One percent (1%) of the cost of the qualified property in
23 the year the property is placed in service; or
24

1 2. Five Hundred Dollars (\$500.00) for each new employee. No
2 credit shall be allowed in any taxable year for a net increase in
3 the number of full-time-equivalent employees if such increase is a
4 result of an investment in qualified depreciable property for which
5 an income tax credit has been allowed as authorized by this section.

6 H. The credit allowed by subsection B of this section shall be
7 the greater amount of either:

8 1. Two percent (2%) of the cost of the qualified property in
9 the year the property is placed in service; or

10 2. One Thousand Dollars (\$1,000.00) for each new employee.

11 No credit shall be allowed in any taxable year for a net
12 increase in the number of full-time-equivalent employees if such
13 increase is a result of an investment in qualified depreciable
14 property for which an income tax credit has been allowed as
15 authorized by this section.

16 I. Except as provided by subsection G of Section 3658 of this
17 title, any credits allowed but not used in any taxable year may be
18 carried over in order as follows:

19 1. To each of the four (4) years following the year of
20 qualification;

21 2. To the extent not used in those years in order to each of
22 the fifteen (15) years following the initial five-year period; and

23 3. If a C corporation that otherwise qualified for the credits
24 under subsection A of this section subsequently changes its

1 operating status to that of a pass-through entity which is being
2 treated as the same entity for federal tax purposes, the credits
3 will continue to be available as if the pass-through entity had
4 originally qualified for the credits subject to the limitations of
5 this section.

6 To the extent not used in paragraphs 1 and 2 of this subsection,
7 such credits from qualified depreciable property placed in service
8 on or after January 1, 2000, may be utilized in any subsequent tax
9 years after the initial twenty-year period.

10 J. No credit otherwise authorized by the provisions of this
11 section may be claimed for any event, transaction, investment,
12 expenditure or other act occurring on or after July 1, 2010, for
13 which the credit would otherwise be allowable until the provisions
14 of this subsection shall cease to be operative on July 1, 2012.
15 Beginning July 1, 2012, the credit authorized by this section may be
16 claimed for any event, transaction, investment, expenditure or other
17 act occurring on or after July 1, 2010, according to the provisions
18 of this section; provided, credits accrued during the period from
19 July 1, 2010, through June 30, 2012, shall be limited to a period of
20 two (2) taxable years. The credit shall be limited in each taxable
21 year to fifty percent (50%) of the total amount of the accrued
22 credit. Any tax credits which accrue during the period of July 1,
23 2010, through June 30, 2012, may not be claimed for any period prior
24 to the taxable year beginning January 1, 2012. No credits which

1 accrue during the period of July 1, 2010, through June 30, 2012, may
2 be used to file an amended tax return for any taxable year prior to
3 the taxable year beginning January 1, 2012.

4 K. Beginning January 1, 2017, except with respect to tax
5 credits allowed from investment or job creation occurring prior to
6 January 1, 2017, the credits authorized by this section shall not be
7 allowed for investment or job creation in electric power generation
8 by means of wind as described by the North American Industry
9 Classification System, No. 221119.

10 L. Notwithstanding any other provisions of this section, the
11 tax credit amount computed for any tax year beginning on or after
12 January 1, 2017, and ending not later than December 31, 2018, shall
13 be reduced by twenty-five percent (25%) of the amount otherwise
14 allowable. The provisions of this subsection shall not be
15 applicable to tax credits carried forward from a tax year which
16 began at any time prior to January 1, 2017. The provisions of this
17 subsection shall cease to have the force and effect of law on
18 January 1, 2019. The Legislature shall review the impact of the
19 provisions of this subsection upon taxpayers, the revenue system of
20 the state and the economic effects of the tax credit reduction in
21 order to determine whether tax credits will be subject to reduction
22 for any future tax years.

23
24

1 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.11, as
2 amended by Section 1, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
3 Section 2357.11), is amended to read as follows:

4 Section 2357.11 A. For purposes of this section, the term
5 "person" means any legal business entity including limited and
6 general partnerships, corporations, sole proprietorships, and
7 limited liability companies, but does not include individuals.

8 B. 1. Except as provided in ~~subsection M~~ subsections M and N
9 of this section, for tax years beginning on or after January 1,
10 1993, and ending on or before December 31, 2021, there shall be
11 allowed a credit against the tax imposed by Section 1803 or Section
12 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
13 Statutes for every person in this state furnishing water, heat,
14 light or power to the state or its citizens, or for every person in
15 this state burning coal to generate heat, light or power for use in
16 manufacturing operations located in this state.

17 2. For tax years beginning on or after January 1, 1993, and
18 ending on or before December 31, 2005, and for the period of January
19 1, 2006, through June 30, 2006, the credit shall be in the amount of
20 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
21 purchased by such person.

22 3. For the period of July 1, 2006 through December 31, 2006,
23 and for tax years beginning on or after January 1, 2007, and ending
24 on or before December 31, 2021, the credit shall be in the amount of

1 Two Dollars and eighty-five cents (\$2.85) per ton for each ton of
2 Oklahoma-mined coal purchased by such person.

3 4. In addition to the credit allowed pursuant to the provisions
4 of paragraph 3 of this subsection, for the period of July 1, 2006,
5 through December 31, 2006, and except as provided in ~~subsection M~~
6 subsections M and N of this section, for tax years beginning on or
7 after January 1, 2007, and ending on or before December 31, 2021,
8 there shall be allowed a credit in the amount of Two Dollars and
9 fifteen cents (\$2.15) per ton for each ton of Oklahoma-mined coal
10 purchased by such person. The credit allowed pursuant to the
11 provisions of this paragraph may not be claimed or transferred prior
12 to January 1, 2008.

13 C. For tax years beginning on or after January 1, 1995, and
14 ending on or before December 31, 2005, and for the period beginning
15 January 1, 2006, through June 30, 2006, there shall be allowed, in
16 addition to the credits allowed pursuant to subsection B of this
17 section, a credit against the tax imposed by Section 1803 or Section
18 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
19 Statutes for every person in this state which:

20 1. Furnishes water, heat, light or power to the state or its
21 citizens, or burns coal to generate heat, light or power for use in
22 manufacturing operations located in this state; and

23 2. Purchases at least seven hundred fifty thousand (750,000)
24 tons of Oklahoma-mined coal in the tax year.

1 The additional credit allowed pursuant to this subsection shall
2 be in the amount of Three Dollars (\$3.00) per ton for each ton of
3 Oklahoma-mined coal purchased by such person.

4 D. Except as otherwise provided in subsection E of this section
5 and in ~~subsection M~~ subsections M and N of this section, for tax
6 years beginning on or after January 1, 2001, and ending on or before
7 December 31, 2021, there shall be allowed a credit against the tax
8 imposed by Section 1803 or Section 2355 of this title or Section 624
9 or 628 of Title 36 of the Oklahoma Statutes for every person in this
10 state primarily engaged in mining, producing or extracting coal, and
11 holding a valid permit issued by the Oklahoma Department of Mines.
12 For tax years beginning on or after January 1, 2001, and ending on
13 or before December 31, 2005, and for the period beginning January 1,
14 2006, through June 30, 2006, the credit shall be in the amount of
15 ninety-five cents (\$0.95) per ton and for the period of July 1,
16 2006, through December 31, 2006, and for tax years beginning on or
17 after January 1, 2007, the credit shall be in the amount of Five
18 Dollars (\$5.00) for each ton of coal mined, produced or extracted in
19 on, under or through a permit in this state by such person.

20 E. In addition to the credit allowed pursuant to the provisions
21 of subsection D of this section and except as otherwise provided in
22 subsection F of this section, for tax years beginning on or after
23 January 1, 2001, and ending on or before December 31, 2005, and for
24 the period of January 1, 2006, through June 30, 2006, there shall be

1 allowed a credit against the tax imposed by Section 1803 or Section
2 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
3 Statutes for every person in this state primarily engaged in mining,
4 producing or extracting coal, and holding a valid permit issued by
5 the Oklahoma Department of Mines in the amount of ninety-five cents
6 (\$0.95) per ton for each ton of coal mined, produced or extracted
7 from thin seams in this state by such person; provided, the credit
8 shall not apply to such coal sold to any consumer who purchases at
9 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
10 coal per year.

11 F. In addition to the credit allowed pursuant to the provisions
12 of subsection D of this section and except as otherwise provided in
13 subsection G of this section, for tax years beginning on or after
14 January 1, 2005, and ending on or before December 31, 2005, and for
15 the period of January 1, 2006, through June 30, 2006, there shall be
16 allowed a credit against the tax imposed by Section 1803 or Section
17 2355 of this title or that portion of the tax imposed by Section 624
18 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
19 to and placed into the General Revenue Fund, in the amount of
20 ninety-five cents (\$0.95) per ton for each ton of coal mined,
21 produced or extracted from thin seams in this state by such person
22 on or after July 1, 2005.

23 G. The credits provided in subsections D and E of this section
24 shall not be allowed for coal mined, produced or extracted in any

1 month in which the average price of coal is Sixty-eight Dollars
2 (\$68.00) or more per ton, excluding freight charges, as determined
3 by the Tax Commission.

4 H. The additional credits allowed pursuant to subsections B, C,
5 D and E of this section but not used shall be freely transferable
6 after January 1, 2002, but not later than December 31, 2013, by
7 written agreement to subsequent transferees at any time during the
8 five (5) years following the year of qualification; provided, the
9 additional credits allowed pursuant to the provisions of paragraph 4
10 of subsection B of this section but not used shall be freely
11 transferable after January 1, 2008, but not later than December 31,
12 2013, by written agreement to subsequent transferees at any time
13 during the five (5) years following the year of qualification. An
14 eligible transferee shall be any taxpayer subject to the tax imposed
15 by Section 1803 or Section 2355 of this title or Section 624 or 628
16 of Title 36 of the Oklahoma Statutes. The person originally allowed
17 the credit and the subsequent transferee shall jointly file a copy
18 of the written credit transfer agreement with the Tax Commission
19 within thirty (30) days of the transfer. The written agreement
20 shall contain the name, address and taxpayer identification number
21 of the parties to the transfer, the amount of credit being
22 transferred, the year the credit was originally allowed to the
23 transferring person and the tax year or years for which the credit
24 may be claimed. The Tax Commission may promulgate rules to permit

1 verification of the validity and timeliness of a tax credit claimed
2 upon a tax return pursuant to this subsection but shall not
3 promulgate any rules which unduly restrict or hinder the transfers
4 of such tax credit.

5 I. The additional credit allowed pursuant to subsection F of
6 this section but not used shall be freely transferable on or after
7 July 1, 2006, but not later than December 31, 2013, by written
8 agreement to subsequent transferees at any time during the five (5)
9 years following the year of qualification. An eligible transferee
10 shall be any taxpayer subject to the tax imposed by Section 1803 or
11 Section 2355 of this title or Section 624 or 628 of Title 36 of the
12 Oklahoma Statutes. The person originally allowed the credit and the
13 subsequent transferee shall jointly file a copy of the written
14 credit transfer agreement with the Tax Commission within thirty (30)
15 days of the transfer. The written agreement shall contain the name,
16 address and taxpayer identification number of the parties to the
17 transfer, the amount of credit being transferred, the year the
18 credit was originally allowed to the transferring person and the tax
19 year or years for which the credit may be claimed. The Tax
20 Commission may promulgate rules to permit verification of the
21 validity and timeliness of a tax credit claimed upon a tax return
22 pursuant to this subsection but shall not promulgate any rules which
23 unduly restrict or hinder the transfers of such tax credit.

24

1 J. Any person receiving tax credits pursuant to the provisions
2 of this section shall apply the credits against taxes payable or,
3 subject to the limitation that credits earned after December 31,
4 2013, shall not be transferred, shall transfer the credits as
5 provided in this section or, for credits earned on or after January
6 1, 2014, shall receive a refund pursuant to the provisions of
7 subsection L of this section. Credits shall not be used to lower
8 the price of any Oklahoma-mined coal sold that is produced by a
9 subsidiary of the person receiving a tax credit under this section
10 to other buyers of the Oklahoma-mined coal.

11 K. Except as provided by paragraph 2 of subsection L of this
12 section, the credits allowed by subsections B, C, D, E and F of this
13 section, upon election of the taxpayer, shall be treated and may be
14 claimed as a payment of tax, a prepayment of tax or a payment of
15 estimated tax for purposes of Section 1803 or 2355 of this title or
16 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

17 L. 1. With respect to credits allowed pursuant to the
18 provisions of subsections B, C, D, E and F of this section earned
19 prior to January 1, 2014, but not used in any tax year may be
20 carried over in order to each of the five (5) years following the
21 year of qualification.

22 2. With respect to credits allowed pursuant to the provisions
23 of subsections B, C, D, E and F of this section which are earned but
24 not used, based upon activity occurring on or after January 1, 2014,

1 the Oklahoma Tax Commission shall, at the taxpayer's election,
2 refund directly to the taxpayer eighty-five percent (85%) of the
3 face amount of such credits. The direct refund of the credits
4 pursuant to this paragraph shall be available to all taxpayers,
5 including, without limitation, pass-through entities and taxpayers
6 subject to Section 2355 of this title. The amount of any direct
7 refund of credits actually received at the eighty-five percent (85%)
8 level by the taxpayer pursuant to this paragraph shall not be
9 subject to the tax imposed by Section 2355 of this title. If the
10 pass-through entity does not file a claim for a direct refund, the
11 pass-through entity shall allocate the credit to one or more of the
12 shareholders, partners or members of the pass-through entity;
13 provided, the total of all credits refunded or allocated shall not
14 exceed the amount of the credit or refund to which the pass-through
15 entity is entitled. For the purposes of this paragraph, "pass-
16 through entity" means a corporation that for the applicable tax year
17 is treated as an S corporation under the Internal Revenue Code of
18 1986, as amended, general partnership, limited partnership, limited
19 liability partnership, trust or limited liability company that for
20 the applicable tax year is not taxed as a corporation for federal
21 income tax purposes.

22 M. No credit otherwise authorized by the provisions of this
23 section may be claimed for any event, transaction, investment,
24 expenditure or other act occurring on or after July 1, 2010, for

1 which the credit would otherwise be allowable. The provisions of
2 this subsection shall cease to be operative on July 1, 2012.
3 Beginning July 1, 2012, the credit authorized by this section may be
4 claimed for any event, transaction, investment, expenditure or other
5 act occurring on or after July 1, 2012, according to the provisions
6 of this section.

7 N. Notwithstanding any other provisions of this section, the
8 tax credit amount computed for any tax year beginning on or after
9 January 1, 2017, and ending not later than December 31, 2018, shall
10 be reduced by twenty-five percent (25%) of the amount otherwise
11 allowable. The provisions of this subsection shall not be
12 applicable to tax credits carried forward from a tax year which
13 began at any time prior to January 1, 2017. The provisions of this
14 subsection shall cease to have the force and effect of law on
15 January 1, 2019. The Legislature shall review the impact of the
16 provisions of this subsection upon taxpayers, the revenue system of
17 the state and the economic effects of the tax credit reduction in
18 order to determine whether tax credits will be subject to reduction
19 for any future tax years.

20 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.22, as
21 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
22 2015, Section 2357.22), is amended to read as follows:

23 Section 2357.22 A. ~~For~~ Except as provided in subsection J of
24 this section, for tax years beginning before January 1, 2020, there

1 shall be allowed a one-time credit against the income tax imposed by
2 Section 2355 of this title for investments in qualified clean-
3 burning motor vehicle fuel property placed in service after December
4 31, 1990.

5 B. As used in this section, "qualified clean-burning motor
6 vehicle fuel property" means:

7 1. Equipment installed to modify a motor vehicle which is
8 propelled by gasoline or diesel fuel so that the vehicle may be
9 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
10 natural gas or liquefied petroleum gas; provided, equipment
11 installed on a vehicle propelled by a hydrogen fuel cell shall only
12 be eligible for tax year 2010. The equipment covered by this
13 paragraph must:

- 14 a. be new, not previously used to modify or retrofit any
15 vehicle propelled by gasoline or diesel fuel and be
16 installed by an alternative fuels equipment technician
17 who is certified in accordance with the Alternative
18 Fuels Technician Certification Act,
- 19 b. meet all Federal Motor Vehicle Safety Standards set
20 forth in 49 CFR 571, or
- 21 c. for any commercial motor vehicle (CMV), follow the
22 Federal Motor Carrier Safety Regulations or Oklahoma
23 Intrastate Motor Carrier Regulations;

24

1 2. A motor vehicle originally equipped so that the vehicle may
2 be propelled by a hydrogen fuel cell, compressed natural gas,
3 liquefied natural gas or liquefied petroleum gas but only to the
4 extent of the portion of the basis of such motor vehicle which is
5 attributable to the storage of such fuel, the delivery to the engine
6 of such motor vehicle of such fuel, and the exhaust of gases from
7 combustion of such fuel. A motor vehicle originally equipped so
8 that the vehicle may be propelled by a hydrogen fuel cell shall only
9 be eligible for tax year 2010;

10 3. Property, not including a building and its structural
11 components, which is:

- 12 a. directly related to the delivery of compressed natural
13 gas, liquefied natural gas or liquefied petroleum gas,
14 or hydrogen, for commercial purposes or for a fee or
15 charge, into the fuel tank of a motor vehicle
16 propelled by such fuel including compression equipment
17 and storage tanks for such fuel at the point where
18 such fuel is so delivered but only if such property is
19 not used to deliver such fuel into any other type of
20 storage tank or receptacle and such fuel is not used
21 for any purpose other than to propel a motor vehicle,
22 or
- 23 b. a metered-for-fee, public access recharging system for
24 motor vehicles propelled in whole or in part by

1 electricity. The property covered by this paragraph
2 must be new, and must not have been previously
3 installed or used to refuel vehicles powered by
4 compressed natural gas, liquefied natural gas or
5 liquefied petroleum gas, hydrogen or electricity.

6 Any property covered by this paragraph which is related to the
7 delivery of hydrogen into the fuel tank of a motor vehicle shall
8 only be eligible for tax year 2010; or

9 4. Property which is directly related to the compression and
10 delivery of natural gas from a private home or residence, for
11 noncommercial purposes, into the fuel tank of a motor vehicle
12 propelled by compressed natural gas. The property covered by this
13 paragraph must be new and must not have been previously installed or
14 used to refuel vehicles powered by natural gas.

15 C. As used in this section, "motor vehicle" means a motor
16 vehicle originally designed by the manufacturer to operate lawfully
17 and principally on streets and highways.

18 D. The credit provided for in subsection A of this section
19 shall be as follows:

20 1. After ~~the effective date of this act~~ August 22, 2014, for
21 the qualified clean-burning motor vehicle fuel property defined in
22 paragraph 1 or 2 of subsection B of this section, forty-five percent
23 (45%) of the cost of the qualified clean-burning motor vehicle fuel
24 property;

1 2. For qualified clean-burning motor vehicle fuel property
2 defined in paragraph 3 of subsection B of this section, a per-
3 location credit of seventy-five percent (75%) of the cost of the
4 qualified clean-burning motor vehicle fuel property; and

5 3. For qualified clean-burning motor vehicle fuel property
6 defined in paragraph 4 of subsection B of this section, a per-
7 location credit of the lesser of fifty percent (50%) of the cost of
8 the qualified clean-burning motor vehicle fuel property or Two
9 Thousand Five Hundred Dollars (\$2,500.00).

10 E. In cases where no credit has been claimed pursuant to
11 paragraph 1 of subsection D of this section by any prior owner and
12 in which a motor vehicle is purchased by a taxpayer with qualified
13 clean-burning motor vehicle fuel property installed by the
14 manufacturer of such motor vehicle and the taxpayer is unable or
15 elects not to determine the exact basis which is attributable to
16 such property, the taxpayer may claim a credit in an amount not
17 exceeding the lesser of ten percent (10%) of the cost of the motor
18 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

19 F. If the tax credit allowed pursuant to subsection A of this
20 section exceeds the amount of income taxes due or if there are no
21 state income taxes due on the income of the taxpayer, the amount of
22 the credit not used as an offset against the income taxes of a
23 taxable year may be carried forward as a credit against subsequent
24 income tax liability for a period not to exceed five (5) years.

1 G. A husband and wife who file separate returns for a taxable
2 year in which they could have filed a joint return may each claim
3 only one-half (1/2) of the tax credit that would have been allowed
4 for a joint return.

5 H. The Oklahoma Tax Commission is herein empowered to
6 promulgate rules by which the purpose of this section shall be
7 administered, including the power to establish and enforce penalties
8 for violations thereof.

9 I. Notwithstanding the provisions of Section 2352 of this
10 title, for the fiscal year beginning on July 1, 2014, and each
11 fiscal year thereafter, the Tax Commission shall calculate an amount
12 that equals five percent (5%) of the cost of qualified clean-burning
13 motor vehicle fuel property as provided for in paragraph 1 of
14 subsection D of this section for tax year 2012. For each subsequent
15 fiscal year thereafter, the Tax Commission shall perform the same
16 computation with respect to the second tax year preceding the
17 beginning of each subsequent fiscal year. The Tax Commission shall
18 then transfer an amount equal to the amount calculated in this
19 subsection from the revenue derived pursuant to the provisions of
20 subsections A, B and E of Section 2355 of this title to the
21 Compressed Natural Gas Conversion Safety and Regulation Fund created
22 in Section ~~13 of this act~~ 130.25 of Title 74 of the Oklahoma
23 Statutes.

24

1 J. Notwithstanding any other provisions of this section, the
2 tax credit amount computed for any tax year beginning on or after
3 January 1, 2017, and ending not later than December 31, 2018, shall
4 be reduced by twenty-five percent (25%) of the amount otherwise
5 allowable. The provisions of this subsection shall not be
6 applicable to tax credits carried forward from a tax year which
7 began at any time prior to January 1, 2017. The provisions of this
8 subsection shall cease to have the force and effect of law on
9 January 1, 2019. The Legislature shall review the impact of the
10 provisions of this subsection upon taxpayers, the revenue system of
11 the state and the economic effects of the tax credit reduction in
12 order to determine whether tax credits will be subject to reduction
13 for any future tax years.

14 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.27, as
15 amended by Section 1, Chapter 33, O.S.L. 2014 (68 O.S. Supp. 2015,
16 Section 2357.27), is amended to read as follows:

17 Section 2357.27 A. Except as otherwise provided by ~~subsection~~
18 ~~E~~ subsections E and F of this section, for tax years beginning after
19 December 31, 1998, and ending before January 1, 2017, there shall be
20 allowed a credit against the tax imposed by Section 2355 of this
21 title for eligible expenses incurred by entities primarily engaged
22 in the business of providing child care services.

23 B. As used in this section, "eligible expenses" means amounts
24 paid by an entity primarily engaged in the business of providing

1 child care services for expenses incurred by the entity to comply
2 with the standards promulgated by a national accrediting association
3 recognized by the Department of Human Services and which would not
4 have been incurred by the entity to comply with the Oklahoma Child
5 Care Facilities Licensing Act.

6 C. The credit allowed by subsection A of this section shall be
7 twenty percent (20%) of the amount of eligible expenses. Such
8 credit shall not be allowed for any amounts for which the entity
9 claims or receives an income tax credit, exemption or deduction.

10 D. Any credits allowed but not used in any tax year may be
11 carried over in order to each of the four (4) tax years following
12 the year of qualification.

13 E. No credit otherwise authorized by the provisions of this
14 section may be claimed for any event, transaction, investment,
15 expenditure or other act occurring on or after July 1, 2010, for
16 which the credit would otherwise be allowable. The provisions of
17 this subsection shall cease to be operative on July 1, 2012.
18 Beginning July 1, 2012, the credit authorized by this section may be
19 claimed for any event, transaction, investment, expenditure or other
20 act occurring on or after July 1, 2012, according to the provisions
21 of this section.

22 F. Notwithstanding any other provisions of this section, the
23 tax credit amount computed for any tax year beginning on or after
24 January 1, 2017, and ending not later than December 31, 2018, shall

1 be reduced by twenty-five percent (25%) of the amount otherwise
2 allowable. The provisions of this subsection shall not be
3 applicable to tax credits carried forward from a tax year which
4 began at any time prior to January 1, 2017. The provisions of this
5 subsection shall cease to have the force and effect of law on
6 January 1, 2019. The Legislature shall review the impact of the
7 provisions of this subsection upon taxpayers, the revenue system of
8 the state and the economic effects of the tax credit reduction in
9 order to determine whether tax credits will be subject to reduction
10 for any future tax years.

11 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
12 amended by Section 2, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2015,
13 Section 2357.32A), is amended to read as follows:

14 Section 2357.32A A. Except as otherwise provided in ~~subsection~~
15 ~~H~~ subsections H and I of this section, for tax years beginning on or
16 after January 1, 2003, there shall be allowed a credit against the
17 tax imposed by Section 2355 of this title to a taxpayer for the
18 taxpayer's production and sale to an unrelated person of electricity
19 generated by zero-emission facilities located in this state. As
20 used in this section:

21 1. "Electricity generated by zero-emission facilities" means
22 electricity that is exclusively produced by any facility located in
23 this state with a rated production capacity of one megawatt (1 mw)
24 or greater, constructed for the generation of electricity and placed

1 in operation after June 4, 2001, which utilizes eligible renewable
2 resources as its fuel source. The construction and operation of
3 such facilities shall result in no pollution or emissions that are
4 or may be harmful to the environment, pursuant to a determination by
5 the Department of Environmental Quality; and

6 2. "Eligible renewable resources" means resources derived from:

- 7 a. wind,
- 8 b. moving water,
- 9 c. sun, or
- 10 d. geothermal energy.

11 B. For facilities placed in operation on or after January 1,
12 2003, and before January 1, 2007, the amount of the credit for the
13 electricity generated on or after January 1, 2003, but prior to
14 January 1, 2004, shall be seventy-five one-hundredths of one cent
15 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
16 emission facilities. For electricity generated on or after January
17 1, 2004, but prior to January 1, 2007, the amount of the credit
18 shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-
19 hour for electricity generated by zero-emission facilities. For
20 electricity generated on or after January 1, 2007, but prior to
21 January 1, 2012, the amount of the credit shall be twenty-five one-
22 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity
23 generated by zero-emission facilities. For facilities placed in
24 operation on or after January 1, 2007, and before January 1, 2021,

1 the amount of the credit for the electricity generated on or after
2 January 1, 2007, shall be fifty one-hundredths of one cent (\$0.0050)
3 for each kilowatt-hour of electricity generated by zero-emission
4 facilities.

5 C. Credits may be claimed with respect to electricity generated
6 on or after January 1, 2003, during a ten-year period following the
7 date that the facility is placed in operation on or after June 4,
8 2001.

9 D. 1. For credits generated prior to January 1, 2014, if the
10 credit allowed pursuant to this section exceeds the amount of income
11 taxes due or if there are no state income taxes due on the income of
12 the taxpayer, the amount of the credit allowed but not used in any
13 tax year may be carried forward as a credit against subsequent
14 income tax liability for a period not exceeding ten (10) years.

15 2. For credits generated, but not used, on or after January 1,
16 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
17 election, directly to the taxpayer eighty-five percent (85%) of the
18 face amount of such credits. The direct refund of the credits
19 pursuant to this paragraph shall be available to all taxpayers,
20 including, without limitation, pass-through entities and taxpayers
21 subject to Section 2355 of this title, but shall not be available to
22 any entities falling within the provisions of subsection E of this
23 section. The amount of any direct refund of credits actually
24 received at the eighty-five percent (85%) level by the taxpayer

1 pursuant to this paragraph shall not be subject to the tax imposed
2 by Section 2355 of this title. If the pass-through entity does not
3 file a claim for a direct refund, the pass-through entity shall
4 allocate the credit to one or more of the shareholders, partners or
5 members of the pass-through entity; provided, the total of all
6 credits refunded or allocated shall not exceed the amount of the
7 credit or refund to which the pass-through entity is entitled. For
8 the purposes of this paragraph, "pass-through entity" means a
9 corporation that for the applicable tax year is treated as an S
10 corporation under the Internal Revenue Code of 1986, as amended,
11 general partnership, limited partnership, limited liability
12 partnership, trust or limited liability company that for the
13 applicable tax year is not taxed as a corporation for federal income
14 tax purposes.

15 E. Any nontaxable entities, including agencies of the State of
16 Oklahoma or political subdivisions thereof, shall be eligible to
17 establish a transferable tax credit in the amount provided in
18 subsection B of this section. Such tax credit shall be a property
19 right available to a state agency or political subdivision of this
20 state to transfer or sell to a taxable entity, whether individual or
21 corporate, who shall have an actual or anticipated income tax
22 liability under Section 2355 of this title. These tax credit
23 provisions are authorized as an incentive to the State of Oklahoma,
24 its agencies and political subdivisions to encourage the expenditure

1 of funds in the development, construction and utilization of
2 electricity from zero-emission facilities as defined in subsection A
3 of this section.

4 F. For credits generated prior to January 1, 2014, the amount
5 of the credit allowed, but not used, shall be freely transferable at
6 any time during the ten (10) years following the year of
7 qualification. Any person to whom or to which a tax credit is
8 transferred shall have only such rights to claim and use the credit
9 under the terms that would have applied to the entity by whom or by
10 which the tax credit was transferred. The provisions of this
11 subsection shall not limit the ability of a tax credit transferee to
12 reduce the tax liability of the transferee, regardless of the actual
13 tax liability of the tax credit transferor, for the relevant taxable
14 period. The transferor initially allowed the credit and any
15 subsequent transferees shall jointly file a copy of any written
16 transfer agreement with the Oklahoma Tax Commission within thirty
17 (30) days of the transfer. The written agreement shall contain the
18 name, address and taxpayer identification number or social security
19 number of the parties to the transfer, the amount of the credit
20 being transferred, the year the credit was originally allowed to the
21 transferor, and the tax year or years for which the credit may be
22 claimed. The Tax Commission may promulgate rules to permit
23 verification of the validity and timeliness of the tax credit
24 claimed upon a tax return pursuant to this subsection but shall not

1 promulgate any rules that unduly restrict or hinder the transfers of
2 such tax credit. The tax credit allowed by this section, upon the
3 election of the taxpayer, may be claimed as a payment of tax, a
4 prepayment of tax or a payment of estimated tax for purposes of
5 Section 1803 or Section 2355 of this title.

6 G. For electricity generation produced and sold in a calendar
7 year, the tax credit allowed by the provisions of this section, upon
8 election of the taxpayer, shall be treated and may be claimed as a
9 payment of tax, a prepayment of tax or a payment of estimated tax
10 for purposes of Section 2355 of this title on or after July 1 of the
11 following calendar year.

12 H. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, 2010, for
15 which the credit would otherwise be allowable until the provisions
16 of this subsection shall cease to be operative on July 1, 2011.
17 Beginning July 1, 2011, the credit authorized by this section may be
18 claimed for any event, transaction, investment, expenditure or other
19 act occurring on or after July 1, 2010, according to the provisions
20 of this section. Any tax credits which accrue during the period of
21 July 1, 2010, through June 30, 2011, may not be claimed for any
22 period prior to the taxable year beginning January 1, 2012. No
23 credits which accrue during the period of July 1, 2010, through June
24

1 30, 2011, may be used to file an amended tax return for any taxable
2 year prior to the taxable year beginning January 1, 2012.

3 I. Notwithstanding any other provisions of this section, the
4 tax credit amount computed for any tax year beginning on or after
5 January 1, 2017, and ending not later than December 31, 2018, shall
6 be reduced by twenty-five percent (25%) of the amount otherwise
7 allowable. The provisions of this subsection shall not be
8 applicable to tax credits carried forward from a tax year which
9 began at any time prior to January 1, 2017. The provisions of this
10 subsection shall cease to have the force and effect of law on
11 January 1, 2019. The Legislature shall review the impact of the
12 provisions of this subsection upon taxpayers, the revenue system of
13 the state and the economic effects of the tax credit reduction in
14 order to determine whether tax credits will be subject to reduction
15 for any future tax years.

16 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.41, is
17 amended to read as follows:

18 Section 2357.41 A. Except as otherwise provided by ~~subsection~~
19 ± subsections I and J of this section, for tax years beginning after
20 December 31, 2000, there shall be allowed a credit against the tax
21 imposed by Sections 2355 and 2370 of this title or that portion of
22 the tax imposed by Section 624 or 628 of Title 36 of the Oklahoma
23 Statutes that would otherwise have been apportioned to the General
24 Revenue Fund for qualified rehabilitation expenditures incurred in

1 connection with any certified historic hotel or historic newspaper
2 plant building located in an increment or incentive district created
3 pursuant to the Local Development Act or for qualified
4 rehabilitation expenditures incurred after January 1, 2006, in
5 connection with any certified historic structure.

6 B. The amount of the credit shall be one hundred percent (100%)
7 of the federal rehabilitation credit provided for in Section 47 of
8 Title 26 of the United States Code. The credit authorized by this
9 section may be claimed at any time after the relevant local
10 governmental body responsible for doing so issues a certificate of
11 occupancy or other document that is a precondition for the
12 applicable use of the building or structure that is the basis upon
13 which the credit authorized by this section is claimed.

14 C. All requirements with respect to qualification for the
15 credit authorized by Section 47 of Title 26 of the United States
16 Code shall be applicable to the credit authorized by this section.

17 D. If the credit allowed pursuant to this section exceeds the
18 amount of income taxes due or if there are no state income taxes due
19 on the income of the taxpayer, the amount of the credit allowed but
20 not used in any taxable year may be carried forward as a credit
21 against subsequent income tax liability for a period not exceeding
22 ten (10) years following the qualified expenditures.

23 E. All rehabilitation work to which the credit may be applied
24 shall be reviewed by the State Historic Preservation Office which

1 will in turn forward the information to the National Park Service
2 for certification in accordance with 36 C.F.R., Part 67. A
3 certified historic structure may be rehabilitated for any lawful use
4 or uses, including without limitation mixed uses and still retain
5 eligibility for the credit provided for in this section.

6 F. The amount of the credit allowed for any credit claimed for
7 a certified historic hotel or historic newspaper plant building or
8 any certified historic structure, but not used, shall be freely
9 transferable, in whole or in part, to subsequent transferees at any
10 time during the five (5) years following the year of qualification.
11 Any person to whom or to which a tax credit is transferred shall
12 have only such rights to claim and use the credit under the terms
13 that would have applied to the entity by whom or by which the tax
14 credit was transferred. The provisions of this subsection shall not
15 limit the ability of a tax credit transferee to reduce the tax
16 liability of the transferee regardless of the actual tax liability
17 of the tax credit transferor for the relevant taxable period. The
18 transferor of the credit and the transferee shall jointly file a
19 copy of the written credit transfer agreement with the Oklahoma Tax
20 Commission within thirty (30) days of the transfer. Such filing of
21 the written credit transfer agreement with the Oklahoma Tax
22 Commission shall perfect such transfer. The written agreement shall
23 contain the name, address and taxpayer identification number of the
24 parties to the transfer, the amount of credit being transferred, the

1 year the credit was originally allowed to the transferor, the tax
2 year or years for which the credit may be claimed, and a
3 representation by the transferor that the transferor has neither
4 claimed for its own behalf nor conveyed such credits to any other
5 transferee. The Tax Commission shall develop a standard form for
6 use by subsequent transferees of the credit demonstrating
7 eligibility for the transferee to reduce its applicable tax
8 liabilities resulting from ownership of the credit. The Tax
9 Commission shall develop a system to record and track the transfers
10 of the credit and certify the ownership of the credit and may
11 promulgate rules to permit verification of the validity and
12 timeliness of a tax credit claimed upon a tax return pursuant to
13 this subsection but shall not promulgate any rules which unduly
14 restrict or hinder the transfers of such tax credit.

15 G. Notwithstanding any other provisions in this section, on or
16 after January 1, 2009, if a credit allowed pursuant to this section
17 which has been transferred is subsequently reduced as the result of
18 an adjustment by the Internal Revenue Service, Tax Commission, or
19 any other applicable government agency, only the transferor
20 originally allowed the credit and not any subsequent transferee of
21 the credit, shall be held liable to repay any amount of disallowed
22 credit.

23 H. As used in this section:
24

1 1. "Certified historic hotel or historic newspaper plant
2 building" means a hotel or newspaper plant building that is listed
3 on the National Register of Historic Places within thirty (30)
4 months of taking the credit pursuant to this section.

5 2. "Certified historic structure" means a building that is
6 listed on the National Register of Historic Places within thirty
7 (30) months of taking the credit pursuant to this section or a
8 building located in Oklahoma which is certified by the State
9 Historic Preservation Office as contributing to the historic
10 significance of a certified historic district listed on the National
11 Register of Historic Places, or a local district that has been
12 certified by the State Historic Preservation Office as eligible for
13 listing in the National Register of Historic Places; and

14 3. "Qualified rehabilitation expenditures" means capital
15 expenditures that qualify for the federal rehabilitation credit
16 provided in Section 47 of Title 26 of the United States Code and
17 that were paid after December 31, 2000. Qualified rehabilitation
18 expenditures do not include capital expenditures for nonhistoric
19 additions except an addition that is required by state or federal
20 regulations that relate to safety or accessibility. In addition,
21 qualified rehabilitation expenditures do not include expenditures
22 related to the cost of acquisition of the property.

23 I. No credit otherwise authorized by the provisions of this
24 section may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010, for
2 which the credit would otherwise be allowable until the provisions
3 of this subsection shall cease to be operative on July 1, 2012.
4 Beginning July 1, 2012, the credit authorized by this section may be
5 claimed for any event, transaction, investment, expenditure or other
6 act occurring on or after July 1, 2010, according to the provisions
7 of this section. Any tax credits which accrue during the period of
8 July 1, 2010, through June 30, 2012, may not be claimed for any
9 period prior to the taxable year beginning January 1, 2012. No
10 credits which accrue during the period of July 1, 2010, through June
11 30, 2012, may be used to file an amended tax return for any taxable
12 year prior to the taxable year beginning January 1, 2012.

13 J. Notwithstanding any other provisions of this section, the
14 tax credit amount computed for any tax year beginning on or after
15 January 1, 2017, and ending not later than December 31, 2018, shall
16 be reduced by twenty-five percent (25%) of the amount otherwise
17 allowable. The provisions of this subsection shall not be
18 applicable to tax credits carried forward from a tax year which
19 began at any time prior to January 1, 2017. The provisions of this
20 subsection shall cease to have the force and effect of law on
21 January 1, 2019. The Legislature shall review the impact of the
22 provisions of this subsection upon taxpayers, the revenue system of
23 the state and the economic effects of the tax credit reduction in

24

1 order to determine whether tax credits will be subject to reduction
2 for any future tax years.

3 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.45, is
4 amended to read as follows:

5 Section 2357.45 A. 1. ~~For~~ Except as otherwise provided in
6 subsection E of this section, for tax years beginning after December
7 31, 2004, there shall be allowed against the tax imposed by Section
8 2355 of this title, a credit for any taxpayer who makes a donation
9 to an independent biomedical research institute and for tax years
10 beginning after December 31, 2010, a credit for any taxpayer who
11 makes a donation to a cancer research institute.

12 2. The credit authorized by paragraph 1 of this subsection
13 shall be limited as follows:

14 a. for calendar year 2007 and all subsequent years, the
15 credit percentage, not to exceed fifty percent (50%),
16 shall be adjusted annually so that the total estimate
17 of the credits does not exceed Two Million Dollars
18 (\$2,000,000.00) annually. The formula to be used for
19 the percentage adjusted shall be fifty percent (50%)
20 times One Million Dollars (\$1,000,000.00) divided by
21 the credits claimed in the preceding year for each
22 donation to an independent biomedical research
23 institute and fifty percent (50%) times One Million
24 Dollars (\$1,000,000.00) divided by the credits claimed

1 in the preceding year for each donation to a cancer
2 research institute,

3 b. in no event shall a taxpayer claim more than one
4 credit for a donation to any independent biomedical
5 research institute and one credit for a donation to a
6 cancer research institute in each taxable year nor
7 shall the credit exceed One Thousand Dollars
8 (\$1,000.00) for each taxpayer for each type of
9 donation,

10 c. for tax year 2011, no more than Fifty Thousand Dollars
11 (\$50,000.00) in total tax credits for donations to a
12 cancer research institute shall be allowed,

13 d. in no event shall more than fifty percent (50%) of the
14 Two Million Dollars (\$2,000,000.00) in total tax
15 credits authorized by this section, for any calendar
16 year after ~~the effective date of this act~~ January 1,
17 2011, be allocated for credits for donations to a
18 cancer research institute, and

19 e. in the event the total tax credits authorized by this
20 section exceed One Million Dollars (\$1,000,000.00) in
21 any calendar year for either a cancer research
22 institute or an independent biomedical research
23 institute, the Oklahoma Tax Commission shall permit
24 any excess over One Million Dollars (\$1,000,000.00)

1 but shall factor such excess into the percentage
2 adjustment formula for subsequent years for that type
3 of donation. However, any such adjustment to the
4 formula for donations to an independent biomedical
5 research institute shall not affect the formula for
6 donations to a cancer research institute, and any such
7 adjustment to the formula for donations to a cancer
8 research institute shall not affect the formula for
9 donations to an independent biomedical research
10 institute.

11 3. For purposes of this section, "independent biomedical
12 research institute" means an organization which is exempt from
13 taxation pursuant to the provisions of Section 501(c)(3) of the
14 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
15 focus is conducting peer-reviewed basic biomedical research. The
16 organization shall:

- 17 a. have a board of directors,
- 18 b. be able to accept grants in its own name,
- 19 c. be an identifiable institute that has its own
20 employees and administrative staff, and
- 21 d. receive at least Fifteen Million Dollars
22 (\$15,000,000.00) in National Institute of Health
23 funding each year.

1 4. For purposes of this section, "cancer research institute"
2 means an organization which is exempt from taxation pursuant to the
3 Internal Revenue Code and whose primary focus is raising the
4 standard of cancer clinical care in Oklahoma through peer-reviewed
5 cancer research and education or a not-for-profit supporting
6 organization, as that term is defined by the Internal Revenue Code,
7 affiliated with a tax-exempt organization whose primary focus is
8 raising the standard of cancer clinical care in Oklahoma through
9 peer-reviewed cancer research and education. The tax-exempt
10 organization whose primary focus is raising the standard of cancer
11 clinical care in Oklahoma through peer-reviewed cancer research and
12 education shall:

13 a. either be an independent research institute or a
14 program that is part of a state university which is a
15 member of The Oklahoma State System of Higher
16 Education, and

17 b. receive at least Four Million Dollars (\$4,000,000.00)
18 in National Cancer Institute funding each year.

19 B. In no event shall the amount of the credit exceed the amount
20 of any tax liability of the taxpayer.

21 C. Any credits allowed but not used in any tax year may be
22 carried over, in order, to each of the four (4) years following the
23 year of qualification.

24

1 D. The Tax Commission shall have the authority to prescribe
2 forms for purposes of claiming the credit authorized by this
3 section.

4 E. Notwithstanding any other provisions of this section, the
5 tax credit amount computed for any tax year beginning on or after
6 January 1, 2017, and ending not later than December 31, 2018, shall
7 be reduced by twenty-five percent (25%) of the amount otherwise
8 allowable. The provisions of this subsection shall not be
9 applicable to tax credits carried forward from a tax year which
10 began at any time prior to January 1, 2017. The provisions of this
11 subsection shall cease to have the force and effect of law on
12 January 1, 2019. The Legislature shall review the impact of the
13 provisions of this subsection upon taxpayers, the revenue system of
14 the state and the economic effects of the tax credit reduction in
15 order to determine whether tax credits will be subject to reduction
16 for any future tax years.

17 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.46, is
18 amended to read as follows:

19 Section 2357.46 A. Except as otherwise provided by ~~subsection~~
20 ~~§ subsections G and H~~ of this section, for tax years beginning after
21 December 31, 2005, there shall be allowed a credit against the tax
22 imposed by Section 2355 of ~~Title 68 of Oklahoma Statutes~~ this title
23 for eligible expenditures incurred by a contractor in the
24 construction of energy efficient residential property of two

1 thousand (2,000) square feet or less. The amount of the credit
2 shall be based upon the following:

3 1. For any eligible energy efficient residential property
4 constructed and certified as forty percent (40%) or more above the
5 International Energy Conservation Code 2003 and any supplement in
6 effect at the time of completion, the amount of the credit shall be
7 equal to the eligible expenses, not to exceed Four Thousand Dollars
8 (\$4,000.00) for the taxpayer who is the contractor; and

9 2. For any eligible energy efficient residential property
10 constructed and certified as between twenty percent (20%) and
11 thirty-nine percent (39%) above the International Energy
12 Conservation Code 2003 and any supplement in effect at the time of
13 completion, the credit shall be equal to the eligible expenditures,
14 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who
15 is the contractor.

16 B. As used in this section:

17 1. "Eligible expenditure" means any:

- 18 a. energy efficient heating or cooling system,
19 b. insulation material or system which is specifically
20 and primarily designed to reduce the heat gain or loss
21 of a residential property when installed in or on such
22 property,
23 c. exterior windows, including skylights,
24 d. exterior doors, and

1 e. any metal roof installed on a residential property,
2 but only if such roof has appropriate pigmented
3 coatings which are specifically and primarily designed
4 to reduce the heat gain of such dwelling unit and
5 which meet Energy Star program requirements;

6 2. "Contractor" means the taxpayer who constructed the
7 residential property or manufactured home, or if more than one
8 taxpayer qualifies as the contractor, the primary contractor; and

9 3. "Eligible energy efficient residential property" means a
10 newly constructed residential property or manufactured home property
11 which is located in the State of Oklahoma and substantially complete
12 after December 31, 2005, and which is two thousand (2,000) square
13 feet or less:

14 a. for the credit provided pursuant to paragraph 1 of
15 subsection A of this section, which is certified by an
16 accredited Residential Energy Services Network
17 Provider using the Home Energy Rating System to have:

18 (1) a level of annual heating and cooling energy
19 consumption which is at least forty percent (40%)
20 below the annual level of heating and cooling
21 energy consumption of a comparable residential
22 property constructed in accordance with the
23 standards of Chapter 4 of the 2003 International
24 Energy Conservation Code, as such code is in

1 effect on ~~the effective date of this act~~ November
2 1, 2005,

3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and

9 (3) building envelope component improvements which
10 account for at least one-fifth of the reduced
11 annual heating and cooling energy consumption
12 levels,

13 b. for the credit provided pursuant to paragraph 2 of
14 subsection A of this section, which is certified by an
15 accredited Residential Energy Services Network
16 Provider using the Home Energy Rating System to have:

17 (1) a level of annual heating and cooling energy
18 consumption which is between twenty percent (20%)
19 and thirty-nine percent (39%) below the annual
20 level of heating and cooling energy consumption
21 of a comparable residential property constructed
22 in accordance with the standards of Chapter 4 of
23 the 2003 International Energy Conservation Code,
24

1 as such code is in effect on ~~the effective date~~
2 ~~of this act~~ November 1, 2005,

3 (2) heating and cooling equipment efficiencies which
4 correspond to the minimum allowed under the
5 regulations established by the Department of
6 Energy pursuant to the National Appliance Energy
7 Conservation Act of 1987 and in effect at the
8 time of construction of the property, and

9 (3) building envelope component improvements which
10 account for at least one-third of the reduced
11 annual heating and cooling energy consumption
12 levels.

13 C. The credit provided for in subsection A of this section may
14 only be claimed once for the contractor of any eligible residential
15 energy efficient property during the taxable year when the property
16 is substantially complete.

17 D. If the credit allowed pursuant to this section exceeds the
18 amount of income taxes due or if there are no state income taxes due
19 on the income of the taxpayer, the amount of credit allowed but not
20 used in any taxable year may be carried forward as a credit against
21 subsequent income tax liability for a period not exceeding four (4)
22 years following the qualified expenditures.

1 E. For credits earned on or after ~~the effective date of this~~
2 ~~act~~ July 1, 2006, the credits authorized by this section shall be
3 freely transferable to subsequent transferees.

4 F. The Oklahoma Tax Commission shall promulgate rules necessary
5 to implement this act.

6 G. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2010 for
9 which the credit would otherwise be allowable. The provisions of
10 this subsection shall cease to be operative on July 1, 2012.

11 Beginning July 1, 2012, the credit authorized by this section may be
12 claimed for any event, transaction, investment, expenditure or other
13 act occurring on or after July 1, 2012, according to the provisions
14 of this section.

15 H. Notwithstanding any other provisions of this section, the
16 tax credit amount computed for any tax year beginning on or after
17 January 1, 2017, and ending not later than December 31, 2018, shall
18 be reduced by twenty-five percent (25%) of the amount otherwise
19 allowable. The provisions of this subsection shall not be
20 applicable to tax credits carried forward from a tax year which
21 began at any time prior to January 1, 2017. The provisions of this
22 subsection shall cease to have the force and effect of law on
23 January 1, 2019. The Legislature shall review the impact of the
24 provisions of this subsection upon taxpayers, the revenue system of

1 the state and the economic effects of the tax credit reduction in
2 order to determine whether tax credits will be subject to reduction
3 for any future tax years.

4 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.47, as
5 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2015,
6 Section 2357.47), is amended to read as follows:

7 Section 2357.47 A. 1. Except as otherwise provided in
8 subsection D of this section, for tax years beginning after December
9 31, 2005, and ending before January 1, 2015, there shall be allowed
10 against the tax imposed by Section 2355 of this title, a credit for
11 eligible wages paid by an employer to an employee. The amount of
12 the credit shall be ten percent (10%) of the amount of the gross
13 wages paid to the employee for a period not to exceed ninety (90)
14 days but in no event shall the credit exceed Five Thousand Dollars
15 (\$5,000.00) for each employee of each taxpayer. In no event shall
16 the total credit claimed exceed Twenty-five Thousand Dollars
17 (\$25,000.00) in any one year for any taxpayer.

18 2. Except as otherwise provided by ~~subsection D~~ subsections D
19 and E of this section, for tax years beginning after December 31,
20 2005, and ending before January 1, 2017, there shall be allowed
21 against the tax imposed by Section 2355 of this title, a credit for
22 eligible modification expenses of an employer. The amount of the
23 credit shall be fifty percent (50%) of the amount of the funds
24 expended for eligible modification expenses or new tools or

1 equipment but in no event shall the credit exceed One Thousand
2 Dollars (\$1,000.00) for eligible modification expenses incurred for
3 any single employee. In no event shall the total credit claimed
4 exceed Ten Thousand Dollars (\$10,000.00) in any year for any
5 taxpayer.

6 3. As used in this section:

7 a. "employee", "employer", "maximum medical improvement",
8 "treating physician", and "wages" shall be defined as
9 in Title ~~85~~ 85A of the Oklahoma Statutes,

10 b. "eligible wages" means gross wages paid by an employer
11 to an employee who is injured as a result of an injury
12 which is compensable under Title ~~85~~ 85A of the
13 Oklahoma Statutes and which are paid beginning when
14 the employee returns to work with restricted duties as
15 provided by the employee's treating physician or an
16 independent medical examiner before the employee has
17 reached maximum medical improvement, and ending after
18 ninety (90) days or when the employee has reached
19 maximum medical improvement, and

20 c. "eligible modification expenses" means expenses
21 incurred by an employer to modify a workplace, tools
22 or equipment or to obtain new tools or equipment and
23 which are incurred by an employer solely to enable a
24 specific injured employee who is injured as a result

1 of an injury which is compensable under the Workers'
2 Compensation Act to return to work with restricted
3 duties as provided by the employee's treating
4 physician or an independent medical examiner before
5 the employee has reached maximum medical improvement,
6 and which workplace, tools or equipment are used
7 primarily by the injured employee.

8 B. In no event shall the amount of the credit(s) exceed the
9 amount of any tax liability of the taxpayer.

10 C. The Oklahoma Tax Commission shall have the authority to
11 promulgate rules necessary to effectuate the purposes of this
12 section.

13 D. No credit otherwise authorized by the provisions of this
14 section may be claimed for any event, transaction, investment,
15 expenditure or other act occurring on or after July 1, 2010, for
16 which the credit would otherwise be allowable. The provisions of
17 this subsection shall cease to be operative on July 1, 2012.
18 Beginning July 1, 2012, the credit authorized by this section may be
19 claimed for any event, transaction, investment, expenditure or other
20 act occurring on or after July 1, 2012, according to the provisions
21 of this section.

22 E. Notwithstanding any other provisions of this section, the
23 tax credit amount computed for any tax year beginning on or after
24 January 1, 2017, and ending not later than December 31, 2018, shall

1 be reduced by twenty-five percent (25%) of the amount otherwise
2 allowable. The provisions of this subsection shall not be
3 applicable to tax credits carried forward from a tax year which
4 began at any time prior to January 1, 2017. The provisions of this
5 subsection shall cease to have the force and effect of law on
6 January 1, 2019. The Legislature shall review the impact of the
7 provisions of this subsection upon taxpayers, the revenue system of
8 the state and the economic effects of the tax credit reduction in
9 order to determine whether tax credits will be subject to reduction
10 for any future tax years.

11 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.104,
12 is amended to read as follows:

13 Section 2357.104 A. Except as otherwise provided by ~~subsection~~
14 ~~G~~ subsections G and H of this section, for taxable years beginning
15 after December 31, 2005, there shall be allowed a credit against the
16 tax imposed by Section 2355 of this title equal to fifty percent
17 (50%) of an eligible taxpayer's qualified railroad reconstruction or
18 replacement expenditures.

19 B. 1. Except as provided in paragraph 2 of this subsection,
20 the amount of the credit shall be limited to the product of Five
21 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars
22 (\$2,000.00) for tax year 2008 and subsequent tax years and the
23 number of miles of railroad track owned or leased within this state
24 by the eligible taxpayer as of the close of the taxable year.

1 2. In tax year 2009 and subsequent tax years, a taxpayer may
2 elect to increase the limit provided in paragraph 1 of this
3 subsection to an amount equal to three times the limit specified in
4 paragraph 1 of this subsection for qualified expenditures made in
5 the tax year, provided the taxpayer may only claim one third (1/3)
6 of the credit in any one taxable period.

7 C. The credit allowed pursuant to subsection A of this section
8 but not used shall be freely transferable, by written agreement, to
9 subsequent transferees at any time during the five (5) years
10 following the year of qualification. An eligible transferee shall
11 be any taxpayer subject to the tax imposed by Section 2355 of this
12 title. The person originally allowed the credit and the subsequent
13 transferee shall jointly file a copy of the written credit transfer
14 agreement with the Oklahoma Tax Commission within thirty (30) days
15 of the transfer. The written agreement shall contain the name,
16 address and taxpayer identification number of the parties to the
17 transfer, the amount of credit being transferred, the year the
18 credit was originally allowed to the transferring person and the tax
19 year or years for which the credit may be claimed. The Tax
20 Commission shall promulgate rules to permit verification of the
21 timeliness of a tax credit claimed upon a tax return pursuant to
22 this subsection but shall not promulgate any rules which unduly
23 restrict or hinder the transfers of such tax credit. The Department
24 of Transportation shall promulgate rules to permit verification of

1 the eligibility of an eligible taxpayer's expenditures for the
2 purpose of claiming the credit. The rules shall provide for the
3 approval of qualified railroad reconstruction or replacement
4 expenditures prior to commencement of a project and provide a
5 certificate of verification upon completion of a project that uses
6 qualified railroad reconstruction or replacement expenditures. The
7 certificate of verification shall satisfy all requirements of the
8 Tax Commission pertaining to the eligibility of the person claiming
9 the credit.

10 D. Any credits allowed pursuant to the provisions of subsection
11 A of this section but not used in any tax year may be carried over
12 in order to each of the five (5) years following the year of
13 qualification.

14 E. A taxpayer who elects to increase the limitation on the
15 credit under paragraph 2 of subsection B of this section shall not
16 be granted additional credits under subsection A of this section
17 during the period of such election.

18 F. As used in this section:

19 1. "Class II and Class III railroad" means a railroad that is
20 classified by the United States Surface Transportation Board as a
21 Class II or Class III railroad;

22 2. "Eligible taxpayer" means any Class II or Class III
23 railroad; and
24

1 3. "Qualified railroad reconstruction or replacement
2 expenditures" means expenditures for:

- 3 a. reconstruction or replacement of railroad
4 infrastructure including track, roadbed, bridges,
5 industrial leads and track-related structures owned or
6 leased by a Class II or Class III railroad as of
7 January 1, 2006, or
8 b. new construction of industrial leads, switches, spurs
9 and sidings and extensions of existing sidings by a
10 Class II or Class III railroad.

11 G. No credit otherwise authorized by the provisions of this
12 section may be claimed for any event, transaction, investment,
13 expenditure or other act occurring on or after July 1, 2010, for
14 which the credit would otherwise be allowable. The provisions of
15 this subsection shall cease to be operative on July 1, 2012.

16 Beginning July 1, 2012, the credit authorized by this section may be
17 claimed for any event, transaction, investment, expenditure or other
18 act occurring on or after July 1, 2012, according to the provisions
19 of this section.

20 H. Notwithstanding any other provisions of this section, the
21 tax credit amount computed for any tax year beginning on or after
22 January 1, 2017, and ending not later than December 31, 2018, shall
23 be reduced by twenty-five percent (25%) of the amount otherwise
24 allowable. The provisions of this subsection shall not be

1 applicable to tax credits carried forward from a tax year which
2 began at any time prior to January 1, 2017. The provisions of this
3 subsection shall cease to have the force and effect of law on
4 January 1, 2019. The Legislature shall review the impact of the
5 provisions of this subsection upon taxpayers, the revenue system of
6 the state and the economic effects of the tax credit reduction in
7 order to determine whether tax credits will be subject to reduction
8 for any future tax years.

9 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.206,
10 as last amended by Section 1, Chapter 361, O.S.L. 2015 (68 O.S.
11 Supp. 2015, Section 2357.206), is amended to read as follows:

12 Section 2357.206 A. This act shall be known and may be cited
13 as the "Oklahoma Equal Opportunity Education Scholarship Act".

14 B. 1. Except as provided in ~~subsection F~~ subsections F and M
15 of this section, after August 26, 2011, there shall be allowed a
16 credit for any taxpayer who makes a contribution to an eligible
17 scholarship-granting organization. The credit shall be equal to
18 fifty percent (50%) of the total amount of contributions made during
19 a taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
20 single individuals, Two Thousand Dollars (\$2,000.00) for married
21 individuals filing jointly, or One Hundred Thousand Dollars
22 (\$100,000.00) for any taxpayer which is a legal business entity
23 including limited and general partnerships, corporations, subchapter
24 S corporations and limited liability companies; provided, if total

1 credits claimed pursuant to this paragraph exceed the caps
2 established pursuant to paragraph 1 of subsection D of this section,
3 the credit shall be equal to the taxpayer's proportionate share of
4 the cap for the taxable year, as determined pursuant to subsection H
5 of this section.

6 2. For any taxpayer who makes a contribution to an eligible
7 scholarship-granting organization and makes a written commitment to
8 contribute the same amount for an additional year, the credit for
9 the first year and the additional year shall be equal to seventy-
10 five percent (75%) of the total amount of the contribution made
11 during a taxable year, not to exceed the amounts established in
12 paragraph 1 of this subsection for the taxable year in which the
13 credit provided in this subsection is claimed. The taxpayer shall
14 provide evidence of the written commitment to the Oklahoma Tax
15 Commission at the time of filing the refund claim.

16 3. The credits authorized pursuant to the provisions of this
17 subsection shall be allocable to the partners, shareholders, members
18 or other equity owners of a taxpayer that is authorized to be
19 treated as a partnership for purposes of federal income tax
20 reporting for the taxable year for which the tax credits authorized
21 by this subsection are claimed on the applicable return, together
22 with required schedules, forms or reports of the partners,
23 shareholders, members or other equity owners of the taxpayer. Tax
24 credits which are allocated to such equity owners shall only be

1 limited in amount for the income tax return of a natural person or
2 persons based upon the limitation of the total credit amount to the
3 entity from which the tax credits have been allocated and shall not
4 be limited to One Thousand Dollars (\$1,000.00) for single
5 individuals or limited to Two Thousand Dollars (\$2,000.00) for
6 married persons filing a joint return.

7 4. On or before December 31, 2017, and once every four (4)
8 years thereafter, such scholarship-granting organization and
9 educational improvement granting organization shall submit to the
10 Governor, President Pro Tempore of the Senate and the Speaker of the
11 House of Representatives, an audited financial statement for the
12 organization along with information detailing the benefits,
13 successes or failures of the program.

14 C. 1. Except as provided in ~~subsection F~~ subsections F and M
15 of this section, after August 26, 2011, there shall be allowed a
16 credit for any taxpayer who makes a contribution to an eligible
17 educational improvement grant organization. The credit shall be
18 equal to fifty percent (50%) of the total amount of contributions
19 made during a taxable year, not to exceed One Thousand Dollars
20 (\$1,000.00) for single individuals, Two Thousand Dollars (\$2,000.00)
21 for married individuals filing jointly, or One Hundred Thousand
22 Dollars (\$100,000.00) for any taxpayer which is a legal business
23 entity including limited and general partnerships, corporations,
24 subchapter S corporations and limited liability companies; provided,

1 if total credits claimed pursuant to this paragraph exceed the cap
2 established pursuant to paragraph 2 of subsection D of this section,
3 the credit shall be equal to the taxpayer's proportionate share of
4 the cap for the taxable year, as determined pursuant to subsection H
5 of this section.

6 2. For any taxpayer who makes a contribution to an eligible
7 educational improvement grant organization and makes a written
8 commitment to contribute the same amount for an additional year, the
9 credit for the first year and the additional year shall be equal to
10 seventy-five percent (75%) of the total amount of the contribution
11 made during a taxable year, not to exceed the amounts established in
12 paragraph 1 of this subsection for the taxable year in which the
13 credit provided in this subsection is claimed; provided, if total
14 credits claimed pursuant to this paragraph exceed the cap
15 established pursuant to paragraph 3 of this subsection, the credit
16 shall be equal to the taxpayer's proportionate share of the cap for
17 the taxable year, as determined pursuant to subsection H of this
18 section. The taxpayer shall provide evidence of the written
19 commitment to the Oklahoma Tax Commission at the time of filing the
20 refund claim.

21 3. The credits authorized pursuant to the provisions of this
22 subsection shall be allocable to the partners, shareholders, members
23 or other equity owners of a taxpayer that is authorized to be
24 treated as a partnership for purposes of federal income tax

1 reporting for the taxable year for which the tax credits authorized
2 by this subsection are claimed on the applicable return, together
3 with required schedules, forms or reports of the partners,
4 shareholders, members or other equity owners of the taxpayer. Tax
5 credits which are allocated to such equity owners shall only be
6 limited in amount for the income tax return of a natural person or
7 persons based upon the limitation of the total credit amount to the
8 entity from which the tax credits have been allocated and shall not
9 be limited to One Thousand Dollars (\$1,000.00) for single
10 individuals or limited to Two Thousand Dollars (\$2,000.00) for
11 married persons filing a joint return.

12 D. 1. The total credits authorized pursuant to subsection B of
13 this section for all taxpayers shall not exceed Three Million Five
14 Hundred Thousand Dollars (\$3,500,000.00) annually.

15 2. The total credits authorized pursuant to subsection C of
16 this section for all taxpayers shall not exceed One Million Five
17 Hundred Thousand Dollars (\$1,500,000.00) annually.

18 3. The cap on total credits provided for in this subsection
19 shall be allocated by the Tax Commission as provided in subsection H
20 of this section.

21 E. For credits claimed for eligible contributions made during
22 tax year 2014 and thereafter, a credit shall not be allowed by the
23 Oklahoma Tax Commission for contributions made to a scholarship-
24 granting organization or an educational improvement grant

1 organization if that organization's percentage of funds actually
2 awarded is less than ninety percent (90%). For purposes of this
3 section, the "percentage of funds actually awarded" shall be
4 determined by dividing the total amount of funds actually awarded as
5 educational scholarships or educational improvement grants over the
6 most recent twenty-four (24) months by the total amount available to
7 award as educational scholarships or educational improvement grants
8 over the most recent twenty-four (24) months.

9 F. Any tax credits which are earned by a taxpayer pursuant to
10 this section during the time period beginning on ~~the effective date~~
11 ~~of this act~~ August 26, 2011, through December 31, 2012, may not be
12 claimed for any period prior to the taxable year beginning January
13 1, 2013. No credits which accrue during the time period beginning
14 on ~~the effective date of this act~~ August 26, 2011, through December
15 31, 2012, may be used to file an amended tax return for any taxable
16 year prior to the taxable year beginning January 1, 2013.

17 G. As used in this section:

18 1. "Eligible student" means a child of school age who is
19 lawfully present in the United States and who is a member of a
20 household in which the total annual income during the preceding tax
21 year does not exceed an amount equal to three hundred percent (300%)
22 of the income standard used to qualify for a free or reduced school
23 lunch or who, during the immediately preceding school year, attended
24 or, by virtue of the location of such student's place of residence,

1 was eligible to attend a public school in this state which has been
2 identified for school improvement as determined by the State Board
3 of Education pursuant to the requirements of the No Child Left
4 Behind Act of 2001, P.L. No. 107-110. Once a student has received
5 an educational scholarship, as defined in paragraph 3 of this
6 subsection, the student and any siblings who are members of the same
7 household shall remain eligible until they graduate from high school
8 or reach twenty-one (21) years of age, whichever occurs first;

9 2. "Eligible special needs student" means a child who has been
10 provided services under an Individual Family Service Plan through
11 the SoonerStart program and during transition was evaluated and
12 determined to be eligible for school district services, a child of
13 school age who has attended public school in our state with an
14 individualized education program pursuant to the Individuals With
15 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a
16 child who has been diagnosed by a clinical professional as having a
17 significant disability that will affect learning and who has been
18 approved by the board of a scholarship-granting organization;

19 3. "Educational scholarships" means:

20 a. scholarships to an eligible student of up to Five
21 Thousand Dollars (\$5,000.00) or eighty percent (80%)
22 of the statewide annual average per-pupil expenditure
23 as determined by the National Center for Education
24 Statistics, U.S. Department of Education, whichever is

1 greater, to cover all or part of the tuition, fees and
2 transportation costs of a qualified school which is
3 accredited by the State Board of Education or an
4 accrediting association approved by the Board pursuant
5 to Section 3-104 of Title 70 of the Oklahoma Statutes,

6 b. scholarships to an eligible student of up to Five
7 Thousand Dollars (\$5,000.00) or eighty percent (80%)
8 of the statewide annual average per-pupil expenditure
9 as determined by the National Center for Education
10 Statistics, U.S. Department of Education, whichever is
11 greater, to cover the educational costs of a qualified
12 school which does not charge tuition, which enrolls
13 special populations of students and which is
14 accredited by the State Board of Education or an
15 accrediting association approved by the Board pursuant
16 to Section 3-104 of Title 70 of the Oklahoma Statutes,
17 or

18 c. scholarships to an eligible special needs student of
19 up to Twenty-five Thousand Dollars (\$25,000.00) to
20 cover all or part of the tuition, fees and
21 transportation costs of a qualified school for
22 eligible special needs students which is accredited by
23 the State Board of Education or an accrediting
24

1 association approved by the Board pursuant to Section
2 3-104 of Title 70 of the Oklahoma Statutes;

3 4. "Low-income eligible student" means an eligible student or
4 eligible special needs student who qualifies for a free or reduced-
5 price lunch;

6 5. "Qualified school" means an early childhood, elementary or
7 secondary private school in this state, including schools which
8 provide special educational programs for three-year-olds or
9 prekindergarten educational programs for four-year-olds, which:

- 10 a. is accredited by the State Board of Education or an
11 accrediting association approved by the Board pursuant
12 to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 13 b. is in compliance with all applicable health and safety
14 laws and codes,
- 15 c. has a stated policy against discrimination in
16 admissions on the basis of race, color, national
17 origin or disability, and
- 18 d. ensures academic accountability to parents and
19 guardians of students through regular progress
20 reports;

21 6. "Qualified school for eligible special needs students" means
22 an early childhood, elementary or secondary private school in a
23 county in this state, including schools which provide special
24

1 educational programs for three-year-olds or prekindergarten
2 educational programs for four-year-olds;

3 7. "Scholarship-granting organization" means an organization
4 which:

- 5 a. is a nonprofit entity exempt from taxation pursuant to
6 the provisions of the Internal Revenue Code, 26
7 U.S.C., Section 501(c)(3),
- 8 b. distributes periodic scholarship payments as checks
9 made out to an eligible student's or eligible special
10 needs student's parent or guardian and mailed to the
11 qualified school where the student is enrolled,
- 12 c. spends no more than ten percent (10%) of its annual
13 revenue on expenditures other than educational
14 scholarships as defined in paragraph 3 of this
15 subsection,
- 16 d. spends each year a portion of its expenditures on
17 educational scholarships for low-income eligible
18 students, as defined in paragraph 4 of this
19 subsection, in an amount equal to or greater than the
20 percentage of low-income eligible students in the
21 state,
- 22 e. ensures that scholarships are portable during the
23 school year and can be used at any qualified school
24 that accepts the eligible student or at any qualified

1 school for special needs students that accepts the
2 eligible special needs student,

3 f. registers with the Oklahoma Tax Commission as a
4 scholarship-granting organization, and

5 g. has policies in place to:

6 (1) carry out criminal background checks on all
7 employees and board members to ensure that no
8 individual is involved with the organization who
9 might reasonably pose a risk to the appropriate
10 use of contributed funds, and

11 (2) maintain full and accurate records with respect
12 to the receipt of contributions and expenditures
13 of those contributions and supply such records
14 and any other documentation required by the Tax
15 Commission to demonstrate financial
16 accountability;

17 8. "Annual revenue" means the total amount or value of
18 contributions received by an organization from taxpayers awarded
19 credits during the organization's fiscal year and all amounts earned
20 from interest or investments;

21 9. "Public school" means public schools as defined in Section
22 1-106 of Title 70 of the Oklahoma Statutes;

23 10. "Eligible school" means any public school that is not
24 located within a ten-mile radius of a qualified school in this

1 state, or any public school that is located within a ten-mile radius
2 of a qualified school in this state but offers grade-level
3 instruction different from the qualified school or any public school
4 located within a public school district with fewer than four
5 thousand five hundred (4,500) students;

6 11. "Early childhood education program" means a special
7 educational program for eligible special needs students who are
8 three (3) years of age or a prekindergarten educational program
9 provided to children who are at least four (4) years of age but not
10 more than five (5) years of age on or before September 1;

11 12. "Innovative educational program" means an advanced academic
12 or academic improvement program that is not part of the regular
13 coursework of a public school but that enhances the curriculum or
14 academic program of the school or provides early childhood education
15 programs to students;

16 13. "Educational improvement grant" means a grant to an
17 eligible public school to implement an innovative educational
18 program for students, including the ability for multiple public
19 schools to make an application and be awarded a grant to jointly
20 provide an innovative educational program; and

21 14. "Educational improvement grant organization" means an
22 organization which:
23
24

- 1 a. is a nonprofit entity exempt from taxation pursuant to
2 the provisions of the Internal Revenue Code, 26
3 U.S.C., Section 501(c)(3), and
- 4 b. contributes at least ninety percent (90%) of its
5 annual receipts as grants to eligible schools for
6 innovative educational programs. For purposes of this
7 subparagraph, an educational improvement grant
8 organization contributes its annual cash receipts when
9 it expends or otherwise irrevocably encumbers those
10 funds for expenditure during the then current fiscal
11 year of the organization or during the next succeeding
12 fiscal year of the organization.

13 H. Total credits authorized by this section shall be allocated
14 as follows:

15 1. By January 10 of the year immediately following each
16 calendar year, a scholarship-granting organization or an educational
17 improvement grant organization which accepts contributions pursuant
18 to this section shall provide electronically to the Tax Commission
19 information on each contribution accepted during such taxable year.
20 At least once each taxable year, the scholarship-granting
21 organization or the educational improvement grant organization shall
22 notify each contributor that Oklahoma law provides for a total,
23 statewide cap on the amount of income tax credits allowed annually;

1 2. a. If the Tax Commission determines the total combined
2 credits claimed for contributions made to scholarship-
3 granting organizations during the most recently
4 completed calendar year by all taxpayers are in excess
5 of the statewide caps provided in paragraph 1 of
6 subsection D of this section, the Tax Commission shall
7 determine the percentage of the contribution which
8 establishes the proportionate share of the credit
9 which may be claimed by any taxpayer so that the
10 maximum credits authorized by this section are not
11 exceeded.

12 b. If the Tax Commission determines the total combined
13 credits claimed for contributions made to educational
14 improvement grant organizations during the most
15 recently completed calendar year by all taxpayers are
16 in excess of the statewide caps provided in paragraph
17 2 of subsection D of this section, the Tax Commission
18 shall determine the percentage of the contribution
19 which establishes the proportionate share of the
20 credit which may be claimed by any taxpayer so that
21 the maximum credits authorized by this section are not
22 exceeded; and

23 3. The Tax Commission shall publish the percentage of the
24 contribution which may be claimed as a credit by contributors for

1 the most recently completed calendar year on the Tax Commission
2 website no later than February 15 of each calendar year for
3 contributions made the previous year. Each scholarship-granting
4 organization or educational improvement grant organization shall
5 notify contributors of that amount annually.

6 I. The credit authorized by this section shall not be used to
7 reduce the tax liability of the taxpayer to less than zero (0).

8 J. Any credits allowed but not used in any tax year may be
9 carried over, in order, to each of the three (3) years following the
10 year of qualification.

11 K. 1. In order to qualify under this section, an educational
12 improvement grant organization shall submit an application with
13 information to the Oklahoma Tax Commission on a form prescribed by
14 the Tax Commission that:

15 a. enables the Tax Commission to confirm that the
16 organization is a nonprofit entity exempt from
17 taxation pursuant to the provisions of the Internal
18 Revenue Code, 26 U.S.C., Section 501(c)(3), and

19 b. describes the proposed innovative educational program
20 or programs supported by the organization.

21 2. The Tax Commission shall review and approve or disapprove
22 the application, in consultation with the State Department of
23 Education.

24

1 3. In order to maintain eligibility under this section, an
2 educational improvement grant organization shall annually report the
3 following information to the Tax Commission by September 1 of each
4 year:

- 5 a. the name of the innovative educational program or
6 programs and the total amount of the grant or grants
7 made to those programs during the immediately
8 preceding school year,
- 9 b. a description of how each grant was utilized during
10 the immediately preceding school year and a
11 description of any demonstrated or expected innovative
12 educational improvements,
- 13 c. the names of the public school and school districts
14 where innovative educational programs that received
15 grants during the immediately preceding school year
16 were implemented,
- 17 d. where the organization collects information on a
18 county-by-county basis, and
- 19 e. the total number and total amount of grants made
20 during the immediately preceding school year for
21 innovative educational programs at public school by
22 each county in which the organization made grants.

23 4. The information required under paragraph 3 of this
24 subsection shall be submitted on a form provided by the Tax

1 Commission. No later than May 1 of each year, the Tax Commission
2 shall annually distribute sample forms together with the forms on
3 which the reports are required to be made to each approved
4 organization.

5 5. The Tax Commission shall not require any other information
6 be provided by an organization, except as expressly authorized in
7 this section.

8 L. In consultation with the State Department of Education, the
9 Tax Commission shall promulgate rules necessary to implement this
10 act. The rules shall include procedures for the registration of a
11 scholarship-granting organization or an educational improvement
12 grant organization for purposes of determining if the organization
13 meets the requirements of this act or for the revocation of the
14 registration of an organization, if applicable, and for notice as
15 required in subsection H of this section.

16 M. Notwithstanding any other provisions of this section, the
17 tax credit amount computed for any tax year beginning on or after
18 January 1, 2017, and ending not later than December 31, 2018, shall
19 be reduced by twenty-five percent (25%) of the amount otherwise
20 allowable. The provisions of this subsection shall not be
21 applicable to tax credits carried forward from a tax year which
22 began at any time prior to January 1, 2017. The provisions of this
23 subsection shall cease to have the force and effect of law on
24 January 1, 2019. The Legislature shall review the impact of the

1 provisions of this subsection upon taxpayers, the revenue system of
2 the state and the economic effects of the tax credit reduction in
3 order to determine whether tax credits will be subject to reduction
4 for any future tax years.

5 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.302,
6 as amended by Section 2, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
7 2015, Section 2357.302), is amended to read as follows:

8 Section 2357.302 A. Except as provided in ~~subsection F~~
9 subsections F and G of this section, for taxable years beginning
10 after December 31, 2008, and ending before January 1, 2018, a
11 qualified employer shall be allowed a credit against the tax imposed
12 pursuant to Section 2355 of this title for tuition reimbursed to a
13 qualified employee.

14 B. The credit authorized by subsection A of this section may be
15 claimed only if the qualified employee has been awarded an
16 undergraduate or graduate degree within one (1) year of commencing
17 employment with the qualified employer.

18 C. The credit authorized by subsection A of this section shall
19 be in the amount of fifty percent (50%) of the tuition reimbursed to
20 a qualified employee for the first through fourth years of
21 employment. In no event shall this credit exceed fifty percent
22 (50%) of the average annual amount paid by a qualified employee for
23 enrollment and instruction in a qualified program at a public
24 institution in Oklahoma.

1 D. The credit authorized by subsection A of this section shall
2 not be used to reduce the tax liability of the qualified employer to
3 less than zero (0).

4 E. No credit authorized by this section shall be claimed after
5 the fourth year of employment.

6 F. No credit otherwise authorized by the provisions of this
7 section may be claimed for any event, transaction, investment,
8 expenditure or other act occurring on or after July 1, 2010, for
9 which the credit would otherwise be allowable. The provisions of
10 this subsection shall cease to be operative on July 1, 2011.
11 Beginning July 1, 2011, the credit authorized by this section may be
12 claimed for any event, transaction, investment, expenditure or other
13 act occurring on or after July 1, 2011, according to the provisions
14 of this section.

15 G. Notwithstanding any other provisions of this section, the
16 tax credit amount computed for any tax year beginning on or after
17 January 1, 2017, and ending not later than December 31, 2018, shall
18 be reduced by twenty-five percent (25%) of the amount otherwise
19 allowable. The provisions of this subsection shall not be
20 applicable to tax credits carried forward from a tax year which
21 began at any time prior to January 1, 2017. The provisions of this
22 subsection shall cease to have the force and effect of law on
23 January 1, 2019. The Legislature shall review the impact of the
24 provisions of this subsection upon taxpayers, the revenue system of

1 the state and the economic effects of the tax credit reduction in
2 order to determine whether tax credits will be subject to reduction
3 for any future tax years.

4 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.303,
5 as amended by Section 3, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
6 2015, Section 2357.303), is amended to read as follows:

7 Section 2357.303 A. Except as provided in ~~subsection F~~
8 subsections F and G of this section, for taxable years beginning
9 after December 31, 2008, and ending before January 1, 2018, a
10 qualified employer shall be allowed a credit against the tax imposed
11 pursuant to Section 2355 of this title for compensation paid to a
12 qualified employee.

13 B. The credit authorized by subsection A of this section shall
14 be in the amount of:

15 1. Ten percent (10%) of the compensation paid for the first
16 through fifth years of employment in the aerospace sector if the
17 qualified employee graduated from an institution located in this
18 state; or

19 2. Five percent (5%) of the compensation paid for the first
20 through fifth years of employment in the aerospace sector if the
21 qualified employee graduated from an institution located outside
22 this state.

23
24

1 C. The credit authorized by this section shall not exceed
2 Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified
3 employee annually.

4 D. The credit authorized by this section shall not be used to
5 reduce the tax liability of the qualified employer to less than zero
6 (0).

7 E. No credit authorized pursuant to this section shall be
8 claimed after the fifth year of employment.

9 F. No credit otherwise authorized by the provisions of this
10 section may be claimed for any event, transaction, investment,
11 expenditure or other act occurring on or after July 1, 2010, for
12 which the credit would otherwise be allowable. The provisions of
13 this subsection shall cease to be operative on July 1, 2011.
14 Beginning July 1, 2011, the credit authorized by this section may be
15 claimed for any event, transaction, investment, expenditure or other
16 act occurring on or after July 1, 2011, according to the provisions
17 of this section.

18 G. Notwithstanding any other provisions of this section, the
19 tax credit amount computed for any tax year beginning on or after
20 January 1, 2017, and ending not later than December 31, 2018, shall
21 be reduced by twenty-five percent (25%) of the amount otherwise
22 allowable. The provisions of this subsection shall not be
23 applicable to tax credits carried forward from a tax year which
24 began at any time prior to January 1, 2017. The provisions of this

1 subsection shall cease to have the force and effect of law on
2 January 1, 2019. The Legislature shall review the impact of the
3 provisions of this subsection upon taxpayers, the revenue system of
4 the state and the economic effects of the tax credit reduction in
5 order to determine whether tax credits will be subject to reduction
6 for any future tax years.

7 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.304,
8 as amended by Section 4, Chapter 30, O.S.L. 2014 (68 O.S. Supp.
9 2015, Section 2357.304), is amended to read as follows:

10 Section 2357.304 A. Except as provided in ~~subsection D~~
11 subsections D and E of this section, for taxable years beginning
12 after December 31, 2008, and ending before January 1, 2018, a
13 qualified employee shall be allowed a credit against the tax imposed
14 pursuant to Section 2355 of this title of up to Five Thousand
15 Dollars (\$5,000.00) per year for a period of time not to exceed five
16 (5) years.

17 B. The credit authorized by this section shall not be used to
18 reduce the tax liability of the taxpayer to less than zero (0).

19 C. Any credit claimed, but not used, may be carried over, in
20 order, to each of the five (5) subsequent taxable years.

21 D. No credit otherwise authorized by the provisions of this
22 section may be claimed for any event, transaction, investment,
23 expenditure or other act occurring on or after July 1, 2010, for
24 which the credit would otherwise be allowable. The provisions of

1 this subsection shall cease to be operative on July 1, 2011.
2 Beginning July 1, 2011, the credit authorized by this section may be
3 claimed for any event, transaction, investment, expenditure or other
4 act occurring on or after July 1, 2011, according to the provisions
5 of this section.

6 E. Notwithstanding any other provisions of this section, the
7 tax credit amount computed for any tax year beginning on or after
8 January 1, 2017, and ending not later than December 31, 2018, shall
9 be reduced by twenty-five percent (25%) of the amount otherwise
10 allowable. The provisions of this subsection shall not be
11 applicable to tax credits carried forward from a tax year which
12 began at any time prior to January 1, 2017. The provisions of this
13 subsection shall cease to have the force and effect of law on
14 January 1, 2019. The Legislature shall review the impact of the
15 provisions of this subsection upon taxpayers, the revenue system of
16 the state and the economic effects of the tax credit reduction in
17 order to determine whether tax credits will be subject to reduction
18 for any future tax years.

19 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.401,
20 as amended by Section 1, Chapter 34, O.S.L. 2014 (68 O.S. Supp.
21 2015, Section 2357.401), is amended to read as follows:

22 Section 2357.401 A. Except as otherwise provided by
23 subsections B and, C and F of this section, for taxable years
24 beginning January 1, 2009, and ending before January 1, 2017, there

1 shall be allowed a credit against the tax imposed pursuant to
2 Section 2355 of this title in the amount of all electronic funds
3 transfers fees paid by an individual or entity pursuant to Section
4 2-503.1j of Title 63 of the Oklahoma Statutes.

5 B. For any fees paid by a person or entity for the taxable year
6 beginning January 1, 2009, the credit otherwise authorized by this
7 section shall not be claimed for an individual prior to January 1,
8 2011. Subject to the requirements of this subsection, an individual
9 taxpayer shall be able to claim the credit authorized by this
10 section for all fees paid during the tax year ending December 31,
11 2009, and the tax year ending December 31, 2010, on the income tax
12 return filed for the tax year ending December 31, 2010.

13 C. For any fees paid by an entity other than a natural person
14 for the taxable year beginning January 1, 2009, the credit otherwise
15 authorized by this section shall not be claimed on an income tax
16 return prior to January 1, 2011. Subject to the requirements of
17 this subsection, an entity other than a natural person shall be able
18 to claim the credit authorized by this section for all fees paid
19 during a tax year ending at any time during calendar year 2009 and
20 for all fees paid during calendar year 2010 on the income tax return
21 filed for the tax year ending not later than December 31, 2010.

22 D. The credit authorized by this section shall not be used to
23 reduce the income tax liability of the taxpayer to less than zero
24 (0).

1 E. To the extent not used in any taxable year, the credit
2 authorized by this section may be carried over, in order, to each of
3 the five (5) succeeding taxable years.

4 F. Notwithstanding any other provisions of this section, the
5 tax credit amount computed for any tax year beginning on or after
6 January 1, 2017, and ending not later than December 31, 2018, shall
7 be reduced by twenty-five percent (25%) of the amount otherwise
8 allowable. The provisions of this subsection shall not be
9 applicable to tax credits carried forward from a tax year which
10 began at any time prior to January 1, 2017. The provisions of this
11 subsection shall cease to have the force and effect of law on
12 January 1, 2019. The Legislature shall review the impact of the
13 provisions of this subsection upon taxpayers, the revenue system of
14 the state and the economic effects of the tax credit reduction in
15 order to determine whether tax credits will be subject to reduction
16 for any future tax years.

17 SECTION 17. AMENDATORY Section 1, Chapter 421, O.S.L.
18 2014 (68 O.S. Supp. 2015, Section 2357.403), is amended to read as
19 follows:

20 Section 2357.403 A. This act shall be known and may be cited
21 as the "Oklahoma Affordable Housing Act".

22 B. As used in this section:

23 1. "Allocation year" means the year for which the Oklahoma
24 Housing Finance Agency allocates credits pursuant to this section;

1 2. "Eligibility statement" means a statement authorized and
2 issued by the Oklahoma Housing Finance Agency certifying that a
3 given project qualifies for the Oklahoma Affordable Housing Tax
4 Credit authorized by this section. The Oklahoma Housing Finance
5 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
6 36, Affordable Housing Tax Credit Program Rules, shall promulgate
7 rules establishing criteria upon which the eligibility statements
8 will be issued. The eligibility statement shall specify the amount
9 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
10 project. The Oklahoma Housing Finance Agency shall only authorize
11 the tax credits created by this section to qualified projects which
12 are placed in service after July 1, 2015, but which shall not be
13 used to reduce tax liability accruing prior to January 1, 2016;

14 3. "Federal low-income housing tax credit" means the federal tax
15 credit as provided in Section 42 of the Internal Revenue Code of
16 1986, as amended;

17 4. "Oklahoma Affordable Housing Tax Credit" means the tax credit
18 created by this section;

19 5. "Qualified project" means a qualified low-income building as
20 that term is defined in Section 42 of the Internal Revenue Code of
21 1986, as amended, which is located in this state in a county with a
22 population of less than one hundred fifty thousand (150,000)
23 according to the latest Federal Decennial Census; and
24

1 6. "Taxpayer" means a person, firm or corporation subject to the
2 tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~
3 this title or an insurance company subject to the tax imposed by
4 Section 624 or 628 of Title 36 of the Oklahoma Statutes or other
5 financial institution subject to the tax imposed by Section 2370 of
6 ~~Title 68 of the Oklahoma Statutes~~ this title.

7 C. For qualified projects placed in service after July 1, 2015,
8 the amount of state tax credits created by this section which are
9 allocated to a project shall be equal to that of the federal low-
10 income housing tax credits for a qualified project. The total
11 Oklahoma Affordable Housing Tax Credits allocated to all qualified
12 projects for an allocation year shall not exceed Four Million Dollars
13 (\$4,000,000.00). For purposes of this section, the "credit period"
14 shall mean the period of ten (10) taxable years and "placed in
15 service" shall have the same meaning as is applicable under the
16 federal credit program.

17 D. ~~A~~ Except as otherwise provided in subsection L of this
18 section, a taxpayer owning an interest in an investment in a
19 qualified project shall be allowed Oklahoma Affordable Housing Tax
20 Credits under this section for tax years beginning on or after
21 January 1, 2016, if the Oklahoma Housing Finance Agency issues an
22 eligibility statement for such project, which tax credit shall be
23 allocated among some or all of the partners, members or shareholders
24 of the taxpayer owning such interest in any manner agreed to by such

1 partners, members or shareholders. Such taxpayer may assign its
2 interest in the investment.

3 E. An insurance company claiming a credit against state premium
4 tax or retaliatory tax or any other tax imposed by Section 624 or 628
5 of Title 36 of the Oklahoma Statutes shall not be required to pay
6 any additional retaliatory tax under Section 628 of Title 36 of the
7 Oklahoma Statutes as a result of claiming the credit. The credit
8 may fully offset any retaliatory tax imposed by Section 628 of Title
9 36 of the Oklahoma Statutes.

10 F. The credit authorized by this section shall not be used to
11 reduce the tax liability of the taxpayer to less than zero (\$0.00).

12 G. Any credit claimed but not used in a taxable year may be
13 carried forward to each of the five (5) subsequent taxable years.

14 H. The owner of a qualified project eligible for the credit
15 authorized by this section shall submit, at the time of filing the
16 tax return with the Oklahoma Tax Commission, an eligibility
17 statement from the Oklahoma Housing Finance Agency. In the case of
18 failure to attach the eligibility statement, no credit under this
19 section shall be allowed with respect to such project for that year
20 until required documents are provided to the Tax Commission.

21 I. If under Section 42 of the Internal Revenue Code of 1986, as
22 amended, a portion of any federal low-income housing credits taken on
23 a qualified project is required to be recaptured during the first ten
24 (10) years after a project is placed in service, the taxpayer

1 claiming Oklahoma Affordable Housing Tax Credits with respect to such
2 project shall also be required to recapture a portion of such
3 credits. The amount of Oklahoma Affordable Housing Tax Credits
4 subject to recapture shall be proportionally equal to the amount of
5 federal low-income housing credits subject to recapture.

6 J. The Oklahoma Housing Finance Agency or the Oklahoma Tax
7 Commission may require the filing of additional documentation
8 necessary to determine the accuracy of a tax credit claimed.

9 K. The Oklahoma Affordable Housing Act shall undergo a review
10 every five (5) years by a committee of nine (9) persons, to be
11 appointed three persons each by the Governor, President Pro Tempore of
12 the Oklahoma State Senate and the Speaker of the Oklahoma House of
13 Representatives.

14 L. Notwithstanding any other provisions of this section, the
15 tax credit amount computed for any tax year beginning on or after
16 January 1, 2017, and ending not later than December 31, 2018, shall
17 be reduced by twenty-five percent (25%) of the amount otherwise
18 allowable. The provisions of this subsection shall not be
19 applicable to tax credits carried forward from a tax year which
20 began at any time prior to January 1, 2017. The provisions of this
21 subsection shall cease to have the force and effect of law on
22 January 1, 2019. The Legislature shall review the impact of the
23 provisions of this subsection upon taxpayers, the revenue system of
24 the state and the economic effects of the tax credit reduction in

1 order to determine whether tax credits will be subject to reduction
2 for any future tax years.

3 SECTION 18. AMENDATORY 68 O.S. 2011, Section 2370, as
4 amended by Section 1, Chapter 41, O.S.L. 2014 (68 O.S. Supp. 2015,
5 Section 2370), is amended to read as follows:

6 Section 2370. A. For taxable years beginning after December
7 31, 1989, for the privilege of doing business within this state,
8 every state banking association, national banking association and
9 credit union organized under the laws of this state, located or
10 doing business within the limits of the State of Oklahoma shall
11 annually pay to this state a privilege tax at the rate of six
12 percent (6%) of the amount of the taxable income as provided in this
13 section.

14 B. 1. The privilege tax levied by this section shall be in
15 addition to the Business Activity Tax levied in Section 1218 of this
16 title and the franchise tax levied in Article 12 of this title and
17 in lieu of the tax levied by Section 2355 of this title and in lieu
18 of all taxes levied by the State of Oklahoma, or any subdivision
19 thereof, upon the shares of stock or personal property of any
20 banking association or credit union subject to taxation under this
21 section.

22 2. Nothing in this section shall be construed to exempt the
23 real property of any banking associations or credit unions from
24 taxation to the same extent, according to its value, as other real

1 property is taxed. Nothing herein shall be construed to exempt an
2 association from payment of any fee or tax authorized or levied
3 pursuant to the banking laws.

4 3. Personal property which is subject to a lease agreement
5 between a bank or credit union, as lessor, and a nonbanking business
6 entity or individual, as lessee, is not exempt from personal
7 property ad valorem taxation. Provided further, that it shall be
8 the duty of the lessee of such personal property to return sworn
9 lists or schedules of their taxable property within each county to
10 the county assessor of such county as provided in Sections 2433 and
11 2434 of this title.

12 C. Any tax levied under this section shall accrue on the last
13 day of the taxable year and be payable as provided in Section 2375
14 of this title. The accrual of such tax for the first taxable year
15 to which this act applies, shall apply notwithstanding the prior
16 accrual of a tax in the same taxable year based upon the net income
17 of the next preceding taxable year; provided, however, any
18 additional deduction enuring to the benefit of the taxpayer shall be
19 deducted in accordance with the optional transitional deduction
20 procedures in Section 2354 of this title.

21 D. The basis of the tax shall be United States taxable income
22 as defined in paragraph 10 of Section 2353 of this title and any
23 adjustments thereto under the provisions of Section 2358 of this
24 title with the following adjustments:

1 1. There shall be deducted all interest income on obligations
2 of the United States government and agencies thereof not otherwise
3 exempted and all interest income on obligations of the State of
4 Oklahoma or political subdivisions thereof, including public trust
5 authorities, not otherwise exempted under the laws of this state;
6 and

7 2. Expense deductions claimed in arriving at taxable income
8 under paragraph 10 of Section 2353 of this title shall be reduced by
9 an amount equal to fifty percent (50%) of excluded interest income
10 on obligations of the United States government or agencies thereof
11 and obligations of the State of Oklahoma or political subdivisions
12 thereof.

13 E. 1. Except as otherwise provided in ~~paragraph 2~~ paragraphs 2
14 and 3 of this subsection, before January 1, 2017, there shall be
15 allowed a credit against the tax levied in subsection A of this
16 section in an amount equal to the amount of taxable income received
17 by a participating financial institution as defined in Section 90.2
18 of Title 62 of the Oklahoma Statutes pursuant to a loan made under
19 the Rural Economic Development Loan Act. Such credit shall be
20 limited each year to five percent (5%) of the amount of annual
21 payroll certified by the Oklahoma Rural Economic Development Loan
22 Program Review Board pursuant to the provisions of paragraph 3 of
23 subsection B of Section 90.4 of Title 62 of the Oklahoma Statutes
24 with respect to the loan made by the participating financial

1 institution and may be claimed for any number of years necessary
2 until the amount of total credits claimed is equal to the total
3 amount of taxable income received by the participating financial
4 institution pursuant to the loan. Any credit allowed but not used
5 in a taxable year may be carried forward for a period not to exceed
6 five (5) taxable years. In no event shall a credit allowed pursuant
7 to the provisions of this subsection be transferable or refundable.

8 2. No credit otherwise authorized by the provisions of this
9 subsection may be claimed for any event, transaction, investment,
10 expenditure or other act occurring on or after July 1, 2010 for
11 which the credit would otherwise be allowable. The provisions of
12 this paragraph shall cease to be operative on July 1, 2012.
13 Beginning July 1, 2012, the credit authorized by this subsection may
14 be claimed for any event, transaction, investment, expenditure or
15 other act occurring on or after July 1, 2012, according to the
16 provisions of this subsection.

17 3. Notwithstanding any other provisions of this section, the
18 tax credit amount computed for any tax year beginning on or after
19 January 1, 2017, and ending not later than December 31, 2018, shall
20 be reduced by twenty-five percent (25%) of the amount otherwise
21 allowable. The provisions of this subsection shall not be
22 applicable to tax credits carried forward from a tax year which
23 began at any time prior to January 1, 2017. The provisions of this
24 subsection shall cease to have the force and effect of law on

1 January 1, 2019. The Legislature shall review the impact of the
2 provisions of this subsection upon taxpayers, the revenue system of
3 the state and the economic effects of the tax credit reduction in
4 order to determine whether tax credits will be subject to reduction
5 for any future tax years.

6 SECTION 19. This act shall become effective July 1, 2016.

7 SECTION 20. It being immediately necessary for the preservation
8 of the public peace, health and safety, an emergency is hereby
9 declared to exist, by reason whereof this act shall take effect and
10 be in full force from and after its passage and approval.

11
12 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
13 02/25/2016 - DO PASS, As Amended and Coauthored.

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